January 2, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, January 2, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Mark Thorman and Leavern Guy, City Manager Kay Johnson, City Attorney Gerald Cruthird, City Clerk Sabrina Diamond and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Gerald Cruthird, followed by the Pledge of Allegiance.

PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to accept the minutes of the Mayor and City Council dated December 19, 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE TRAVEL TO THE MISSISSIPPI MUNICIPAL LEAGUE'S 2001 MIDWINTER LEGISLATIVE/EDUCATION CONFERENCE

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Mayor, City Council, City Attorney and City Manager to attend the Mississippi Municipal League's 2001 Midwinter Legislative/Education Conference in Jackson, Mississippi on January 23-25, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PROPERTY CLEANUP PUBLIC HEARING FOR 113 WEST SYCAMORE ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to set the date and time of February 20, 2001 at 6:00 p.m. for a public hearing on property cleanup for 113 West Sycamore Road. The property is owned by Billy Ray Wheat. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the monthly claims docket for January 2001 in a total amount of $288,533.65. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO APPOINT MEMBER TO THE PEARL RIVER COUNTY LIBRARY SYSTEM BOARD OF TRUSTEES

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to table any appointments to the Pearl River County Library System Board of Trustees. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER APPROVAL OF CONTRACT FOR SOLID WASTE COLLECTION AND DISPOSAL

The Council discussed the proposed contract with Waste Management for solid waste collection and disposal for garbage and rubbish. Buford Clark of Waste Management answered questions and discussed proposed changes to the contract. The City Manager was directed to revise the contract for the next meeting. No official action was taken.

At this time, Councilmember Bates entered the meeting.

IN MEMORY OF BILLY HOWARD ALEXANDER

The following resolution was presented for consideration in memory of Billy Howard Alexander:

RESOLUTION OF THE CITY OF PICAYUNE

BE IT KNOWN on this 2nd day of January, 2001, at a regular meeting of the Mayor and City Council of the City of Picayune, on motion of Councilmember Roberson, seconded by Councilmember Guy, the following Resolution was offered.

WHEREAS, Mr. Billy Howard Alexander was an asset to the City of Picayune and was appreciated for his accomplishments; and

WHEREAS, Mr. Alexander served as a Councilman for the City of Picayune from 1981 to 1985; and

WHEREAS, the Mayor and City Council wishes to convey to his family their appreciation and respect for Mr. Alexander; and

WHEREAS, the loss of Mr. Alexander is a great loss for the City as well as his beloved family.

BE IT RESOLVED, THEREFORE, that the Mayor and City Council of the City of Picayune officially offers its sincere condolences and sympathy to the entire family of Mr. Billy Howard Alexander.

ADOPTED this 2nd day of January, 2001.

Woody Spiers, Mayor

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the issuance of the following manual checks:

City of Picayune General Fund	Utility Fund	$52,000.00
Mississippi State Tax Commission	Utility Fund	4,000.00
Buddy Bennett	Utility Fund	136.00
BankPlus	Long Term Debt	23,375.00
Barbara McGrew	General Fund	68.00
Ramada Inn Southwest Conference Center	General Fund	60.00
Dillon Construction	Economic Dev.	121,787.10

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO AUTHORIZE THE PURCHASE OF POLICE VEHICLES

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to authorize the purchase of two (2) police vehicles from the state contract vendor or a local vendor at the state contract price of $19,491.50 each. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO APPROVE EXTENSION OF E-911 CONTRACT

Upon recommendation of the City Manager, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve another 45-day extension of the current E911 agreement in order to provide time to work out the remaining details of a new agreement. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN LETTER REQUESTING FEDERAL FUNDING FOR AN OVERPASS ON HIGHWAY 11

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to authorize the Mayor to sign a letter to Representative Gene Taylor and Senator Trent Lott requesting Federal funding for an overpass on Highway 11 to go over the railroad tracks that divide the City. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

COMMUNICATION FROM PICAYUNE CLINIC, LLC

Dr. Tom McRaney of Picayune Clinic, LLC addressed the Mayor and Council regarding a possible reduction in the natural gas rate being charged to Crosby Memorial Hospital. No official action was taken.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss a matter of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of potential litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Thorman, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of potential litigation and took no action.

ORDER TO RECESS

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to recess until January 9, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

Woody Spiers, Mayor

Sabrina Diamond, City Clerk

January 9, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, January 9, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Jonas Bates, Mark Thorman, Leavern Guy, and Kelly McQueen, City Manager Kay Johnson, City Attorney Gerald Cruthird and City Clerk Sabrina Diamond.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Thorman, seconded by Councilmember Bates, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Bates, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Roberson

The motion was declared carried.

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to enter executive session to discuss a personnel matter and a matter of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Bates, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Roberson

The motion was declared carried.

During executive session, Councilmember Roberson entered the meeting.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Guy, seconded by Councilmember Bates, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a personnel matter and a matter of potential litigation and took no action.

ORDER TO RECESS

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to recess until January 16, 2001 at 6:30 p.m. The following roll call vote was taken:

RECESSED MEETING DATED JANUARY 9, 2001

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Woody Spiers, Mayor

Sabrina Diamond, City Clerk

January 16, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, January 16, 2001, at 6:30 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Mark Thorman, Leavern Guy, and Kelly McQueen, City Manager Kay Johnson, City Attorney Gerald Cruthird, City Clerk Sabrina Diamond and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Councilmember Guy, followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the minutes of the Mayor and City Council dated January 2, 2001 and January 9, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 927 PALESTINE ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to set the date and time of February 20, 2001 at 6:00 p.m. for a property cleanup public hearing for 927 Palestine Road. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORTS

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Budget Reports for December 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Privilege License Report for December 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REQUESTS REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Public Records Requests Report for December 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO APPOINT DEPUTY CITY CLERK

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to appoint Leann Smith as a Deputy City Clerk. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO AUTHORIZE CITY MANAGER TO APPROVE PURCHASES

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the person appointed to the position of City Manager to approve normal purchases of up to $10,000 after receiving two (2) written quotes in accordance with purchasing law in Section 31-7-13(b) of the Mississippi Code. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

EMPLOYEE OF THE MONTH

Upon recommendation of Public Works Director Dean Kendrick, David Pounds and Roland Smith were named Employees of the Month for January, 2001. Mr. Pounds and Mr. Smith were presented with savings bonds from BankPlus and Hancock Bank.

CONSIDER REQUEST FOR PARADE PERMIT

Upon request of Picayune Main Street, motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve a parade permit for a Mardi Gras parade to be held on February 26, 2001 at 6:00 p.m. The parade route will begin on Goodyear Boulevard in front of First Baptist Church, continue east to Main Street, right on Main Street, right to West Canal Street, and disband at West Side Elementary School. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER APPOINTMENT TO THE PEARL RIVER COUNTY LIBRARY SYSTEM BOARD AND THE LIBRARY COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to table any appointments to fill the remaining terms of Judi Doolittle on the Library Commission and the Pearl River County Library System Board. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER APPOINTMENTS TO CEMETERY BOARD, LIBRARY COMMISSION, ADVISORY PARK COMMISSION, VETERANS MEMORIAL COMMISSION, CONTRACTORS BOARD AND PEARL RIVER COUNTY LIBRARY SYSTEM BOARD

Motion was made by Councilmember McQueen, seconded by Councilmember Thorman, to table any appointments to the Cemetery Board, Library Commission, Advisory Park Commission, Veterans Memorial Commission, Contractors Board, or Pearl River County Library System Board at this time. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER APPROVAL OF CHANGE ORDER ON CONCESSION STAND CONTRACT

Upon recommendation of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve Change Order #2 in the amount of $6,100.00 to the contract with Dillon Construction, Inc. for construction of the Friendship Park concession stands. The new contract total will be $336,676.00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER EXECUTION OF CONTRACT FOR ENGINEERING SERVICES FOR WATER WELL IMPROVEMENT PROJECT

Upon recommendation of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Mayor to execute the following contract with Compton Engineering, P.A. for engineering services for the Water Well Improvement Project:

AGREEMENT FOR PROFESSIONAL SERVICE
BETWEEN
CITY OF PICAYUNE
AND
COMPTON ENGINEERING, P.A.

This AGREEMENT made this the 16th day of January, 2001, by the City of Picayune, hereinafter referred to as the OWNER and Compton Engineering, P.A., hereinafter referred to as ENGINEER, WITNESSETH, that the parties hereto mutually agree as follows:

WHEREAS, the OWNER selected the ENGINEER to furnish design and services during construction for the Drinking Water Systems Improvements Revolving Loan Fund Program, FY-01 hereinafter referred as the PROJECT, and

WHEREAS, the OWNER recognizes the need for interproject control, and

WHEREAS, the OWNER and the ENGINEER have agreed upon the scope of services to be provided by the ENGINEER under the terms set forth in this AGREEMENT.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

PURPOSE

The purpose of this AGREEMENT is to establish the ENGINEER'S scope of services, payment provisions and time of completion for the PROJECT's design and construction related services.

ARTICLE I – SCOPE OF WORK

The ENGINEER shall perform the work under this AGREEMENT in accordance with the following:

The ENGINEER shall have responsibility for and furnish all necessary labor, direct and indirect costs to perform and complete the services defined herein for the PROJECT. Exhibit 1, attached and made a part hereof, lists in detail the individual tasks to be accomplished for each phase of the PROJECT. The ENGINEER with primary responsibility of the project shall be Geoffrey Clemens, P.E., Mississippi License #14037.

1.0 DESIGN

The Engineer shall perform the work under this AGREEMENT in accordance with the following:

1.0 The ENGINEER shall have sole responsibility for and furnish all necessary labor, direct and indirect costs to perform and complete the design and preparation of plans and specifications for the PROJECT.

1.2 The ENGINEER shall be responsible for and deliver to the OWNER within 120 calendar days of the execution of this AGREEMENT, the plans and specifications for the PROJECT.

1.3 The scope of work for this AGREEMENT is based on the design and preparation of ten (10) sets of completed quality assured documents for the OWNER's review.

2.0 CONSTRUCTION

The construction services shall be performed in three separate phases: Bidding Phase; Construction Phase; and Post Construction Phase.

2.1 BIDDING PHASE

After written authorization to proceed with the Bidding Phase, ENGINEER shall:

2.1.1 Assist OWNER in obtaining bids or negotiating proposals for each separate prime contract for construction, materials, equipment and services.

2.1.2 Consult with and advise OWNER as to the acceptability of subcontractors and other persons and organizations proposed by the prime contractor(s) (hereinafter called "Contractor(s)") for those portions of the work as to which such acceptability is required by the bidding documents.

2.1.3 Prepare addenda to the bidding documents considered by ENGINEER to be appropriate.

2.1.4 Consult with and advise OWNER as to the acceptability of substitute materials and equipment proposed by Contractor(s) when substitution prior to the award of contracts is allowed by the bidding documents.

2.1.5 Assist OWNER in evaluating bids or proposals and in assembling and awarding contracts.

2.1.6 The ENGINEER shall submit bid documentation to the Bureau of Pollution Control and allow adequate time for review and approval.

2.2 CONSTRUCTION PHASE

2.2.1 During the Construction Phase, ENGINEER shall furnish services generally defined as follows;

2.2.1.1 Consult with and advise OWNER and act as his representative as provided in Construction Contract Documents. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said Construction Contract Documents shall not be modified except as ENGINEER may otherwise agree in writing. All of OWNER's insructions to Contractor(s) will be issued through the ENGINEER who will have authority to act on behalf of the OWNER to the extent provided in said Construction Contract Documents except as otherwise provided in writing.

2.2.1.2 Make visits to the site at intervals appropriate to the various stages of construction to observe as an experienced and qualified design professional the progress and quality of the executed work of Contractor(s) and to determine in general if such work is proceeding in accordance with the Construction Contract Documents. Observation of construction work will not be necessary eight hours a day as in cleaning and television, lining, cutouts, surface repairs or above ground pump station rehabilitation. Observations will be needed during underground work and testing, Exhibit 2 outlines the type of projects that will required resident observation and projects that will require periodic observation.

2.2.1.3 Review and approved (or take other appropriate action in respect of) Shop Drawings (as that term is defined in the aforesaid Construction Contract Documents) and samples, the results of tests and inspections and other data which each Contractor is required to

submit, but only for conformance with the design concept of the PROJECT and compliance with the information given in the Construction Contract Documents thereto; determine the acceptability of substitute materials and equipment proposed by Contractor(s); and receive and review (for general content as required by the specifications) maintenance and operation instructions, schedules, guarantees, and certificates of inspection which are to be assembled by Contractor(s) in accordance with the Construction Contract Documents.

2.2.1.4 Issue all instructions of OWNER to Contractor(s); issue necessary interpretations and clarifications of the Construction Contract Documents and in connection therewith prepare change orders as required; have authority, as OWNER's representative, to require special inspection or testing of the work; act as initial interpreter of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents pertaining to the execution and progress of the work.

2.2.1.5 Based on ENGINEER's on-site observations as an experienced and qualified design professional and on review of applications for payment and the accompanying data and schedules, *determine the amounts owning to contractor(s) and recommend in writing* payments to Contractor(s) in such amounts.

2.2.1.6 Conduct an inspection to determine if the PROJECT is substantially complete and a final inspection to determine if the work has been completed generally in accordance with the intent of the Construction Contract Documents and if each Contractor has fulfilled all of his obligations thereunder so that ENGINEER may recommend, in writing, final payments to each Contractor and may give written notice to OWNER and the Contractor(s) that the work is acceptable.

2.2.2 During the Constructin Phase, ENGINEER shall furnish Resident Services generally defined in Exhibit 2 and as follows:

2.2.2.1 A Resident Observer(s) will be furnished and will act as directed by ENGINEER in order to assist ENGINEER in observing performance of the work of Contractor(s). Responsibilities of the Resident Project Representative are listed as Exhibit 3.

2.2.2.2 Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the Resident Observer(s) and assistant(s), ENGINEER shall endeavor to provide

2.2.3 During the Construction Phase, ENGINEER shall provide the following miscellaneous services:

2.2.3.1 The ENGINEER shall prepare an Operation and Maintenance Manual for the PROJECT and shall present two (2) copies to the OWNER and the cost is included per the hourly rates required for preparing such document and is included in the upset amount.

2.2.3.2 The ENGINEER shall provide testing whenever OWNER testing is required in the Contract Documents or necessary to verify compliance with the Contract Documents.

2.2.3.3 Flow monitoring, if required, will be provided by the ENGINEER after construction on a time and material basis according to the rate schedule presented in this AGREEMENT as Exhibit 4.

2.3 POST CONSTRUCTION PHASE

2.3.1 The ENGINEER will provide Post Construction Services to include preparation of record drawings.

2.3.2 The ENGINEER will provide one year performance evaluation and a final certification. This work will be performed on an as needed basis and on a time and material basis.

ARTICLE II – OWNER'S RESPONSIBILITIES

The OWNER shall:

1. Assist ENGINEER by placing at his disposal all available information pertinent to the PROJECT including previous reports and any other data relative to construction of the PROJECT.

2. Furnish to ENGINEER, as required for performance of ENGINEER's Basic Services, data prepared by or services of others, all of which ENGINEER may rely upon in performing his services.

3. Arrange for access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform his services.

4. Examine all reports, sketches, drawings, specifications, proposals and other documents presented by ENGINEER, obtain advise of an attorney, insurance counselor and other counselor and other consultants as ENGINEER deems appropriate for such examination and render in writing decision pertaining thereto within a reasonable time so as not to delay the services of ENGINEER.

5. Furnish approvals and permits from all governmental authorities having jurisdiction over the PROJECT and such approvals and consents from others as may be necessary for completion of the PROJECTS.

6. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the PROJECT, such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the PROJECT including any that may be raised by Contractor(s), such auditing services as OWNER may require to ascertain how or for what purpose any Contractor has used the monies paid to him under the Construction Contract, and such inspection services as OWNER may require to ascertain that Contractor(s) are complying with any law, rule or regulation applicable to their performance of the work.

7. Designate in writing a person to act a OWNER's representative with respect to the services to be rendered under this AGREEMENT. Such person shall have complete authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions with respect to materials, equipment, elements and systems pertinent to OWNER's services.

8. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise become aware of any development that affects the scope of timing of ENGINEER's services, or any defect in the work of Contractor(s).

9. Bear all cost incidental to compliance with the requirement of this Article II.

ARTICLE III – PERIOD OF SERVICE

1. The provisions of this Article III and the various rates of compensation for ENGINEER's services provided for elsewhere in this AGREEMENT have been agreed to in anticipatin of the orderly and continuous progress of the PROJECT through completion of the Post Construction Phase. ENGINEER's obligation to render services hereunder will extend for a peiod which may reasonably be required for the design, award of contracts, construction of the PROJECT including extra work and required extensions thereto, and post construction requirements.

2. Upon OWNER's written notice to proceed ENGINEER shall proceed with the performance of the work called for in Article I, the Scope of Work. The work shall be completed generally in accordance with the construction schedule and will terminate when each individual task has been completed and approved.

3. If OWNER has requested significant modifications or changes in the extend of the PROJECT, the time of performance of ENGINEER'S services and his various rates of compensation shall be adjusted appropriately.

4. If ENGINEER's services during construction of the PROJECT are delayed or suspended in whole or in part by OWNER for more than one year for reasons beyond ENGINEER's control, or if ENGINEER for any reason is required to render services after PROJECT completion, the various rates of compensation provided for elsewhere in this AGREEMENT shall be subject to renegotiations.

5. Services excluded which would require additional scope if requested include, but are not limited to, the following:

5.1 Providing administrative services during Bidding and/or Construction Phases which are outside of the basic fee structure such as: Work necessary to resolve bidding informalities or bidder appeals or administrative protests.

Investigations, meetings, and negotiations with the Contractors involving claims and legal complaints beyond the budget amount provided herein.

Additional work resulting from the delinquency or insolvency of the Contractors; or as a result of damage to the PROJECT caused by fire, flood, earthquake, or other acts of God, all exclusive of additional work resulting from litigation.

Additional work resulting from strikes, walkouts, or other acts of trade or labor unions, or work required to resolve or achieve requirements related to minority labor or minority contractors.

Surveys and preparation of plats for easement acquisitions or property resolutions.

Work associated with more than two bid openings and two contracts.

5.2 Assistance in obtaining warranty repair after acceptance of the work.

5.3 Providing miscellaneous consulting and other services not designated on Exhibit 1 when requested by the OWNER which are required to complete the PROJECT in accordance with application regulations beyond the budget amount provided herein.

ARTICLE IV – COMPENSATION

1. As consideration for providing the design and construction services outlined in Article I, the OWNER shall pay the ENGINEER a lump sum fee of $36,000.00

2. The Cost Ceiling above is based is based on an estimated work effort and expense level established by negotiation. Therefore, it is hereby agreed by the OWNER and ENGINEER that if any change of scope is deemed to have occurred from the original scope, the period of performance and the ceiling will be adjusted.

3. The ENGINEER may submit invoices to the OWNER once per month during the progress of the work. Such invoices shall be reviewed and approved by the OWNER for reimbursement. Payment will be made to the ENGINEER within 30 days following receipt of the invoice.

4. Final payment of any balance due the ENGINEER will be made upon completion of the respective tasks and their acceptance by the OWNER.

ARTICLE V – LEGAL RELATIONS

1. The ENGINEER shall comply with all federal, state, and local laws, regulations and ordinances applicable to the work to be done under this AGREEMENT.

2. The ENGINEER hereby agrees to protect, defend, and indemnify the OWNER, its employees, and agents of and from any claims, damages, compensation, suits, actions, and expenses, relating to any and all losses or damages sustained by, or alleged to have been sustained by, any person, including employees of the parties hereto, and occasioned or allegedly occasioned by the negligent acts, errors or omissions of the ENGINEER while in any way engaged in the performance of this AGREEMENT. The ENGINEER shall maintain throughout the Period of Services defined in Article III of this AGREEMENT the following coverage:

2.1 Workmen's Compensation and Employer's Liability Insurance

Wormen's compensation and any other insurance coverage as may be required by law in the State of Missisippi.

2.2 Comprehensive Automobile and Vehicle Liability Insurance.

This insurance shall be written in comprehensive form and shall protect the ENGINEER and the OWNER against claims for injuries to members of the public and/or damages to property of others arising from employer's use of motor vehicles or any other equipment and shall cover operation with respect to operations under this AGREMEENT, and insurance coverage shall extend to any motor vehicles or other equipment irrespective of whether the same is owned, non-owned or hired. The limits of liability shall not be less than the following:

Bodily Injury	$100,000.00 each person $300,000.00 each occurrence
Property Damage	$100,000.00 each occurrence

2.3 Comprehensive General Liability.

This insurance shall be written in comprehensive form including OWNER's and Contractors' protective products and operations insurance and shall protect the ENGINEER and the OWNER against claims arising from injuries to members of the

public or damage to property of others arising out of any act or omission to act of the ENGINEER or any of its agents, employees or subcontractors. The limits of liability shall not be less than the following:

Bodily and Personal	$3000,000.00 each person
Injury	$1,000,000.00 each occurrence
Property Damage	$500,000.00 each occurrence
	$500,000.00 aggregate

2.4 The insurance coverage specified above shall constitute minimum requirements.

3. Insurance furnished in compliance with the above must be with an insurance company either authorized to do business in the State of Mississippi or said policy shall be registered and delivered in accordance with the insurance laws of the State of Mississippi.

ARTICLE VI – TERMINATION OF CONTRACT

1. Unless earlier terminated as stipulated below, this AGREEMENT shall terminate upon completion and acceptance by the OWNER of all work specified in this AGREEMENT as it may hereafter be modified by the OWNER.

2. This AGREEMENT may be terminated in whole or in part by either party upon written notice (delivered by certified mail, return receipt requested) of intent to terminate.

3. Upon receipt of a termination action, the ENGINEER shall, (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) deliver or otherwise make available to the OWNER all data, reports, estimates, summaries, and such other information and materials as may have been accumulated by the ENGINEER in performing this AGREEMENT, whether completed or in process.

4. Upon termination pursuant to Article VI, paragraph 2 above, the OWNER may take over the work and prosecute the same to completion by agreement with another party or otherwise.

ARTICLE VIII – CHANGES, AMENDMENTS

1. This AGREEMENT may be amended as mutually deemed necessary by the ENGINEER and the OWNER; such amendments shall be made a part of the AGREEMENT.

2. Nothing in this AGREEMENT shall preclude the ENGINEER and the OWNER from clarifying, adding to, or reducing the scope of the AGREEMENT and, where a change in scope is involved, from adjusting the accompanying compensation for work which is essential to achieve the objective of the AGREEMENT.

ARTICLE IX – MISCELLANEOUS

1. The materials to be furnished and the work to be performed by the ENGINEER shall be provided in strict compliance with the terms, provisions, and conditions of this AGREEMENT.

2. The ENGINEER shall furnish all materials and perform all work necessary to conduct and complete all work specified in this AGREEMENT and meet the schedule agreed to and incorporated herein.

3. All work under this AGREEMENT shall be performed in accordance with generally accepted professional standards, and shall be subject to inspection and acceptance of the OWNER. The ENGINEER shall be responsible for the technical adequacy of his work.

4. Control of means and methods of operation for all work accomplished in the ENGINEER's office, or in the field including provisions for any required safety precautions, shall be the responsibility of the ENGINEER.

5. All communications regarding this AGREEMENT will be directed to the OWNER through the person designated by the OWNER as the Project Manager.

6. Copies of letters, phone memos and other authorized communications with permitting agencies, contacted directly will be available to designated Project Manager at the ENGINEER's office.

7. This AGREEMENT (consisting of Pages 1 to 16 inclusive) together with the Exhibits identified herein constitute the entire AGREEMENT between the OWNER and ENGINEER and supersede all prior written or oral understandings. This AGREEMENT and said Exhibits may only be amended, supplemented, modified or canceled by a duly executed written instrument.

8. The Office of Pollution Control shall have access to any books, documents, papers and records related to the PROJECT and have the right to audit the records of the PROJECT.

IN WITNESS WHEREOF, the parties hereto have been made and executed this AGREEMENT as of the day and year first above written.

ACCEPTED FOR OWNER:	ACCEPTED FOR ENGINEER:
CITY OF PICAYUNE	COMPTON ENGINEERING, P.A.
Woody Spiers, Mayor	Geoffrey F. Clemens, P.E., Vice President
ATTEST	ATTEST
/s Sabrina Diamond Sabrina Diamond, City Clerk	/s L. Stacie MyRick L. Stacie MyRick, Administrator

EXHIBIT 1
SCOPE OF WORK
WATER WELL REHABILITATION

The purpose of the project is to provide design and construction phase services for items outlined in the Facilities Plan dated June 2000.

DESIGN

During the design phase, Compton Engineering, P.A. will provide plans and specifications for the completed project for OWNER's review and subsequent bidding phase services.

CONSTRUCTION

The construction is subdivided into three (3) phases:

Bidding Phase
Construction Phase
Post Construction Phase

During the Bidding Phase, Compton Engineering, P.A. will respond to bidder's questions; prepare addendum; receive bids; evaluate bids; and make recommendation to the OWNER regarding the acceptability of the apparent low bidder.

During the Construction Phase, Compton Engineering, P.A. will provide a resident observer; review partial pay request; prepare change orders; and provide contract administrative services.

The Post Construction Phase of the project will primarily include preparation of record drawings for future use by the OWNER.

EXHIBIT 2
STAFFING REQUIREMENTS FOR
WATER WELL REHABILITATION

The staffing for construction observation on the program is outlined below. This staffing plan will provide the City with adequate engineering construction observation at a reasonable cost. The plan includes construction observations detailed as follows:

Resident Observation: This type of service during construction will place an individual employed by our firm on the job site during all phases of activity.

Periodic Observation: This type of service during construction will provide for an individual to periodically check the construction process on an as needed basis.

A resident observer will be placed on the project whenever the following activities are underway:

- Removing and replacing existing well motors.
- Making casing repairs.
- Testing of back-up generators.
- All testing and disinfecting.

Periodic observation will be accomplished on the project whenever the following activities are underway:

- Well Start-up.
- Calibration and verification of flow meters.

EXHIBIT 3
A LISTING OF THE DUTIES, RESPONSIBILITIES AND LIMITATIONS OF AUTHORITY OF THE RESIDENT PROJECT REPRESENTATIVE.

This is an Attachment to Exhibit 2, made a part of and incorporated by reference with the Agreement made on January 16, 2001, between City of Picayune (OWNER) and Compton Engineering P.A. (ENGINEER) providing for professional engineering services.

ENGINEER shall furnish a Resident Project Representative (RPR), assistants and other field staff to assist ENGINEER in observing performance of the work of Contractor.

Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the RPR and assistants, ENGINEER shall endeavor to provide further protection for OWNER against defects and deficiencies in the work of CONTRATOR; but, the furnishing of such services will not make ENGINEER responsible for or given ENGINEER control over construction means, methods, techniques, sequence or procedures or for safety precautions or programs, or responsibility for CONTRACTOR'S failure to perform the Work in accordance with the Contract Documents and in particular the specific limitations set forth in paragraph 1.6 of the General Provisions to the Letter Agreement are applicable.

The duties and responsibilities of the RPR are limited to those of ENGINEER in ENGINEER's agreement with the OWNER and in the construction Contract Documents, and are further limited and described as follows:

A. General

RPR is ENGINEER's agent at the site, will act as directed by and under the supervision of ENGINEER, and will confer with ENGINEER regarding RPR's actions. RPR's dealings in matters pertaining to the on-site work shall in general be with ENGINEER and CONTRACTOR keeping OWNER advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of CONTRACTOR. RPR shall generally communicate with OWNER with the knowledge of and under the direction of ENGINEER.

B. Duties and Responsibilities of RPR

1. *Schedules*: Review the progress schedule, schedule of Shop Drawing submittals and schedule of values prepared by CONTRACTOR and consult with ENGINEER concerning acceptability.
2. *Conferences and Meetings*: Attend meetings with CONTRACTOR, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
3. *Liaison*:
   a. Serve as ENGINEER's liaison with CONTRACTOR, working partially through CONTRACTOR's superintendent and assist in understanding the intent of the Contract Documents; and assist ENGINEER in serving as OWNER's liaison with CONTRACTOR when CONTRACTOR's operations affect OWNER's on-site operations.
   b. Assist in obtaining from OWNER additional details or information, when required for proper execution of the Work.
4. *Shop Drawings and Samples*:
   a. Record date of receipt of Shop Drawings and samples.
   b. Receive samples which are furnished at the site by CONTRACTOR, and notify ENGINEER of availability of samples for examination.
   c. Advise ENGINEER and CONTRACTOR of the commencement of any Work requiring a Shop Drawing or sample if the submittal has not been approved by ENGINEER.
5. *Review of Work, Rejection of Defective Work, Inspections and Tests*:
   a. Conduct on-site observations of the Work in progress to assist ENGINEER in determining if the Work is in general proceedings in accordance with the Contract Documents.
   b. Report to ENGINEER whenever RPR believes that any Work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise ENGINEER of Work that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.
   c. Verify that tests, equipment and systems start-up and operating and maintenance training are conducted in the presence of appropriate personnel, and that CONTRACTOR maintains adequate records

thereof; and observe, record and report to ENGINEER appropriate details relative to the test procedures and start-ups.

d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections and report to ENGINEER.

6. *Interpretation of Contract Documents*: Report to ENGINEER when clarifications and interpretations of the Contract Documents are needed and transmit to CONTRACTOR clarifications and interpretations as issued by ENGINEER.

7. *Modifications*: Consider and evaluate CONTRACTOR'S suggestions for modifications in Drawings or Specifications and report with RPR's recommendations to ENGINEER. Transmit to CONTRACTOR decisions as issued by ENGINEER.

8. Records:

a. Maintain at the job site orderly files for correspondence, reports of job conferences, Shop Drawings and samples, reproductions of original Contract documents including all Work Directive Changes, Addenda, Change Orders, Field Orders, additional Drawings issued subsequent to the execution of the Contract, ENGINEER'S clarifications and interpretations of the Contract Document, progress reports, and other Project related documents.

b. Keep a diary or log book, recording CONTRACTOR hours on the job site, weather conditions, data relative to questions of Work Directive Changes, Change Orders or changed conditions, list of job site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to ENGINEER.

c. Record names, addresses and telephone numbers of all CONTRACTORS, subcontractors and major suppliers of materials and equipment.

9. *Reports*:

a. Furnish ENGINEER periodic reports as required of progress of the Work and of CONTRACTOR's compliance with the progress schedule and schedule of Shop Drawings and sample submittals.

b. Consult with ENGINEER in advance of scheduled major tests, inspections or start of important phases of the Work.

c. Draft proposed Change Orders and Work Directive Changes, obtaining backup material from CONTRACTOR and recommended to ENGINEER Change Orders, Work Directive Changes, and Field Orders.

d. Report immediately to ENGINEER and OWNER upon the occurrence of any accident.

10. *Payment Requests*: Review applications for payment with CONTRACTOR for compliance with the established procedure for their submission and forward with recommendations to ENGINEER, noting particularly the relationship of the payment requested to the schedule of values, Work completed and materials and equipment delivered at the site but not incorporated in the Work.

11. *Certificates, Maintenance and Operation Manuals*: During the course of the Work, verify that certificates, maintenance and operations manuals and other date required to be assembled and furnished by CONTRACTOR are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to ENGINEER for review and forwarding to OWNER prior to final payment for the Work.

12. *Completion*:

a. Before ENGINEER issues a Certificate of Substantial Completion, submit to CONTRACTOR a lit of observed items requiring completion or correction.

b. Conduct final inspection in the company of ENGINEER, OWNER, AND CONTRACTOR and prepare a final list of items to be completed or corrected.

c. Observe that all items on final list have been completed or corrected and make recommendations to ENGINEER concerning acceptance.

C. Limitations of Authority

Resident Project Representative:

1. Shall not authorize any deviation from the Contract Documents or substitution of materials or equipment, unless authorized by ENGINEER.
2. Shall not exceed limitations of ENGINEER's authority as set forth in the Agreement or the General Provisions to the Letter Agreement or the Contract Documents.
3. Shall not undertake any of the responsibilities of CONTRACTOR, subcontractors or CONTRACTOR's superintendent.

4. Shall not advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of construction unless such advice or directions are specifically required by the Contract Documents.
5. Shall not advise on, issue directions regarding or assume control over safety precautions and programs in connection with the Work.
6. Shall not accept Shop Drawing or sample submittals from anyone other than CONTRACTOR.
7. Shall not authorize OWNER to occupy the Project in whole or in part.
8. Shall not participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by ENGINEER.

EXHIBIT 4
COMPTON FEE SCHEDULE

2000 Hourly Rates

Classification	Hourly Rate
Engineer Principal	$ 85.00
Engineer I	$ 65.00
Project Manager	$ 55.00
Environmental Specialist	$ 55.00
Sr. Engineering Assistant	$ 55.00
Design Technician	$ 52.00
Technician	$ 45.00
Resident Project Rep.	$ 45.00
Business Manager	$ 45.00
Clerical	$ 25.00
Two Man Survey Crew	$ 80.00
Three Man Survey Crew	$ 95.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO APPROVE PURCHASE OF VEHICLE FROM STATE CONTRACT VENDOR

Upon request of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember McQueen, to authorize the purchase of a one-ton Dodge pickup truck for the Equipment Maintenance Department from the state contract vendor or local vendor at the state contract price of $17,760.00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO APPROVE PURCHASE OF VEHICLE FROM STATE CONTRACT VENDOR

Upon request of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the purchase of a 2001

International 4700, 210 hp diesel dump truck for the Sewer Construction Department from the state contract vendor or a local vendor at the state contract price of $34,499.65. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER SELECTION OF MUNICIPAL DEPOSITORIES

Upon recommendation of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember McQueen, to select the following financial institutions as municipal depositories for a two-year term ending December 2002: BankPlus, First Federal Bank, Hancock Bank, and Union Planters Bank. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the issuance of the following manual checks:

Entex	Utility Fund	$ 28,783.50
Prior Energy	Utility Fund	393,572.99
Koch Gateway Pipeline	Utility Fund	37,010.31
Williams	Utility Fund	2,352.88
University of Mississippi	General Fund	220.00
Kanduit Construction	Airport Fund	155,070.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1600 BENDER STREET

A continuation of a property cleanup public hearing than began November 21, 2000 for property located at 1600 Bender Street and owned by Willie Cooley was continued. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to authorize the City to have the

property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 925 PALESTINE ROAD

A property cleanup public hearing was held for property located at 925 Palestine Road and owned by Robert Mitchell. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to authorize the City to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

COMMUNICATION FROM THE FIRE DEPARTMENT

Chief Jackie Mitchell addressed the Council regarding a proposed plan to implement incentive raises for firefighters who complete classes other than those necessary to maintain employment with the Department. No official action was taken.

CONSIDER APPROVAL OF CHANGE ORDER ON CONTRACT FOR AIRPORT HANGARS

Upon recommendation of the Public Works Director, motion was made by Councilmember McQueen, seconded by Councilmember Thorman, to approve Change Order #1 in the amount of $3,680.00 to the contract with KanDuit Construction, Inc. for the construction of the T-Hangar project. The new contract total will be $472,180.00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER REQUEST TO WAIVE PUBLIC RECORDS FEES

Representatives of US Investigations Services again addressed the Council regarding a possible waiver of public records for their company. USIS contracts with the Office of Personnel

Management (OPM) to perform background security checks for Federal employees. They requested a six-month trial basis where they paid no fee for a records check that came back with a negative criminal history and paid the set $12.00 fee for a records check that came back with a positive criminal history. Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to deny the request of USIS. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ADOPT TAX ABATEMENT PROCEDURES FOR MAIN STREET AREA

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to adopt in substantial form the tax abatement procedures of Corinth, Mississippi to provide tax incentives to the business owners in the Main Street program. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: Councilmember McQueen

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon request of the City Manager, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to enter executive session to discuss a personnel matter; a matter of potential litigation; a matter regarding the prospective purchase, sale or lease of land; and a matter involving the location of a business. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

RECESSED MEETING DATED JANUARY 16, 2001

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a personnel matter; a matter of potential litigation; a matter regarding the prospective purchase, sale or lease of land; and a matter involving the location of a business.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Thorman, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a personnel matter; a matter of potential litigation; a matter regarding the prospective purchase, sale or lease of land; and a matter involving the location of a business and took no action.

At this time, Councilmember McQueen left the meeting.

ORDER TO AUTHORIZE EXECUTION OF AIRPORT LEASE

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve in substantial form a long-term airport land lease with Magnolia Air, LLC, and to authorize the City Manager and City Attorney to continue to negotiate the remaining lease terms.

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE ADVERTISEMENT FOR PROPOSALS FOR PROJECT MANAGEMENT SERVICES FOR THE AIRPORT CONSTRUCTION PROJECTS

Upon recommendation of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Purchasing Agent to advertise for proposals for Project Management Services for the airport construction projects. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO ADOPT PERSONNEL MANUAL

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to adopt the following personnel manual for City employees:

SECTION 1 – GENERAL

1.010 GENERAL PURPOSE/SCOPE.

(a) This manual is a general informational guide to the City's current employment policies and shall not be construed as a contract, implied or otherwise. The City reserves the right to amend, delete, supplement, or rescind any of the provisions of this manual, as the city deems necessary and appropriate, without advance notice. These policies shall not be construed to create contractual rights or any type of promise or guarantee of specific treatment upon which any employee may rely. The City also reserves the right to deviate from these policies in emergency situations, in order to achieve its primary mission of providing orderly and cost efficient services to its citizens.

(b) These personnel policies shall apply to all City employees.

(c) The official interpretation of all matters of policy and personnel shall be the responsibility of the City Manager.

(d) The employees of the City represent the City of Picayune to the public. Each job within the City is an essential part of the overall operation of the government. Each person in Picayune is relying on you to give hones, efficient and courteous service.

(e) A copy of this manual shall be provided to all employees of the City at the time of their employment.

1.020 NATURE OF THE EMPLOYMENT RELATIONSHIP

(a) Employment with the City of Picayune is voluntary on the part of both parties. Either the employee or the City may terminate the employment relationship at any time, with or without cause, as either party may deem appropriate.

1.030 EQUAL EMPLOYMENT OPPORTUNITY.

(a) The City is an equal employment opportunity employer. The City employs, retains, promotes, terminates and otherwise treats all employees and job applicants on the basis of merit, qualifications, and competence. This policy shall be applied without regard to any individual's sex, race, color, religion, national origin, age or disability.

(b) The City will not discriminate against applicants or employees with a sensory, physical or mental impairment, unless the impairment cannot be reasonably accommodated or prevents proper performance of the essential duties and responsibilities of the job.

(c) Employees with life threatening illnesses, such as cancer, heart disease, or AIDS/HIV conditions, or communicable diseases such as tuberculosis, or influenza, are treated the same as all other employees. They are permitted to continue working so long as they are able to maintain an acceptable level of performance and medical evidence shows that they are not a threat to themselves or their co-workers. The City will work to preserve the safety of all of its employees and reserves the right to reassign employees or take other job actions when a health or safety risk to fellow employees or the public exists.

1.040 SEXUAL HARASSMENT.

(a) It is the policy of the City to provide a work environment for its employees which is free from discrimination and intimidation. The City will not tolerate any form of sexual harassment. Prompt disciplinary action will be taken against an employee who commits or participates in any form of sexual harassment.

(b) Sexual harassment is defined as unwanted, unwelcome sexual advances, requests for sexual favors, and other verbal or physical contact which has the effect of creating an offensive, intimidating, degrading or hostile work environment, or adversely interferes or affects an employee's work performance.

(c) Any employee who believes he or she is being sexually harassed by supervisors or co-workers should immediately notify the department head. In the event that the harassment involves the department head, the employee should notify the City Manager. The charges will be properly investigated at the time of the reporting. The City will not retaliate against an employee who complains of sexual harassment.

1.050 DEFINITIONS.

(a) Department Head: An employee who has responsibility for directing one or more departments.

(b) Immediate Family: An employee's immediate family includes the employee's spouse, child, parent, brother or sister, mother or father-in-law, son or daughter-in-law.

(c) Regular Full-time Employee: An employee who has completed the trial period and who regularly works a minimum of forty (40) hours a week on a continuing basis.

(d) Regular Part-time Employee: An employee who works less than forty (40) but at least twenty (20) hours a week on a continuing basis and is eligible for prorated holiday, vacation, sick leave, or other benefits.

(e) Temporary Employee: Temporary employees are defined as those employees who hold jobs of limited duration arising out of special projects, abnormal work loads or emergency situations. Temporary employees are not eligible for City benefits.

1.060 EMPLOYEE PERSONNEL RECORDS.

(a) A personnel file for each employee is kept in the Personnel Office, and access is limited to the employee's immediate supervisor, their Department Head, the City Clerk and the City Manager. An employee's personnel file contains the employee's name, title, and/or position held, job description, department to which the employee is assigned, salary, changes in employment status, training received, performance evaluations, personnel actions affecting the employee, including discipline, and other pertinent information.

(b) An employee has the right to review their file. An employee may request removal of what the employee believes to be irrelevant or erroneous information in their personnel file. If the City denies the employee's request to remove the information, the employee may file a written rebuttal statement to be placed in their file.

1.070 REFERENCES.

(a) The City does not give references, other than to confirm the dates of employment and last salary, without the written consent of the employee.

(b) Only the City Manager or designee will provide employment references on current or former regular City employees. It is the responsibility of the employee to direct the request for reference to the City Manger.

SECTION 2 – HOURS AND ATTENDANCE

2.010 WORKING HOURS.

(a) The City's standard work week is Monday through Friday from 8:00 a.m. to 5:00 p.m. with a one hour unpaid lunch period.

(b) A normal working schedule for regular, full-time employees consists of forty (40) hours each work week. Different work schedules, such as in the case of police employees and fire employees, may be established by the City to meet job assignments and provide necessary City services. Each employee's Department Head will advise the employee regarding their specific working hours.

(c) Part-time and temporary employees will work hours as specified by their department heads.

2.020 HOURS OF WORK AND OVERTIME.

(a) All City positions are designated as either "exempt" or "non-exempt" according to the Fair Labor Standards Act ("FLSA") regulations.

(b) For most City employees, the established work period is forty (40) hours within a seven (7) day work week. For law enforcement employees, the established work period is eight-six (86) hours during a fourteen (14) day period. For fire employees, the established work period is one hundred six (106) hours during a fourteen (14) day period.

(c) Non-exempt employees are entitled to additional compensation, either in cash or compensatory time off, when they work more than the maximum numbers of hours during a work period.

(d) All overtime must be authorized in advance by the employee's Department Head.

(e) Overtime pay is calculated at one and on-half times the employee's regular rate of pay for all time worked beyond the established work period.

(f) When computing overtime, holidays, sick leave and vacation time are not counted as hours worked.

(g) Exempt employees are not covered by the FLSA overtime provisions and do not receive either overtime pay or compensatory time in lieu of overtime pay.

2.030 COMPENSATORY TIME.

(a) Non-exempt employees entitled to overtime pay may elect to receive compensatory time off instead of cash payment. This is approved on a case-by-case basis by the employee's Department Head. If the compensatory time option is exercised, the employee is credited with one and one-half times the hours worked as overtime. Maximum accruals of compensatory time shall be limited to forty (40) hours for regular employees, seventy-two (72) hours for fire personnel and eight (80) hours for uniformed police personnel. After maximum accrual, overtime compensation shall be paid.

(b) Employees may use compensatory time within a reasonable time period after making a request to their Department Head, unless doing so would unduly disrupt City operations. Compensatory time should be used for short-term absences from work during times mutually agreed to by the employee and the Department Head. Accumulation of compensatory time to be used as substitute for extended vacation time off is not normally permitted.

2.040 ATTENDANCE.

(a) Punctual and consistent attendance is a condition of employment. Each Department Head is responsible for maintaining an accurate attendance record of their employees.

(b) Employees unable to work or unable to report to work on time should notify their supervisor as soon as possible, ordinarily before the work day begins or within thirty (30) minutes of the employee's usual starting time. If an absence continues beyond the one day, the employee is responsible for reporting in each day. If the supervisor is unavailable, the employee may leave a message with the City Manager or designated representative, stating the reason for being late or unable to report for work.

(c) Employees are expected to be at work even during inclement weather. Department Heads may allow employees to be late or leave early during severe weather conditions; however, nonattendance will be counted as absence from work and will be charged to accrued vacation time.

(d) An employee who is absent without authorization or notification is subject to disciplinary action, including possible termination.

2.050 BREAKS AND MEAL PERIODS.

(a) Employees may take one (1) fifteen-minute break for every four (4) hours worked. All breaks shall be arranged so that they do not interfere with City business or service to the public.

(b) Meal periods shall be scheduled by the employee's Department Head. The scheduling of meal periods may vary depending on department workload. Meal periods are unpaid and usually one hour in length.

(c) Meal periods and breaks are not to be accumulated or taken at the end of the day to terminate work early except with specific prior consent from the employee's Department Head.

2.060 CALL BACK.

All employees are subject to call back in emergencies or as needed by the City to provide necessary services to the public. A refusal to respond to a call back is grounds for immediate

disciplinary action, including possible termination. Employees called back to duty will be paid their appropriate rate of pay for hours worked (the overtime rate, if applicable.)

2.070 PAYROLL RECORDS.

The official payroll records are kept by the Administrative Department. Each Department Head shall turn in on a regular basis a signed work record for each employee within their department, noting hours worked, leave taken and overtime worked during the previous pay period.

SECTION 3 – RECRUITING AND HIRING

3.010 RECRUITING.

(a) Recruiting practices are conducted solely on the basis of ability, merit, qualifications and competence, without regard to race, color, religion, national origin, sex, pregnancy, age, or disability.

(b) Each applicant shall complete and sign an application form prior to being considered as a finalist for any position. Resumes may supplement, but not replace, the City's official application form. Applicants chosen for consideration as finalists on the basis of their resume or other information, shall complete a standard application form prior to being considered as a finalist for any position.

(c) Any applicant supplying false, omitted or misleading information is subject to immediate termination, if hired.

3.020 HIRING.

(a) When a position becomes vacant and prior to any posting or advertisement of the vacancy, the Department Head shall review the position, its job description and the need for such a position. The Department Head will prepare and submit a written request to fill the position to the City Manager. The position will be posted and/or advertised only after the City Manager has approved the request.

(b) All approved job openings shall be posted at City Hall for a period of three (3) working days. Full consideration will be given to all qualified applicants from within the City staff before additional recruitment procedures are initiated.

(c) Residency within the City shall not be a condition of initial appointment or continued employment; provided, however, that an employee's selection of residence shall not interfere with the daily performance of their duties and responsibilities.

(d) Applicants for positions in which the applicant is expected to operate a motor vehicle must be at least 18 years old and will be required to present a valid State driver's license with any necessary endorsements. Driving records of applicants may be checked. Applicants with poor driving records, as determined by the City, may be disqualified for employment with the City in positions requiring driving.

(e) The City may administer pre-employment examinations to test the qualifications and ability of applicants, as determined necessary by the City. The City may contract with any competent agency or individual to prepare and/or administer examinations.

(f) After an offer of employment has been made and prior to commencement of employment, the City may require persons selected for employment to successfully pass a medical examination. The purpose of the examination is to determine if the individual is physically able to perform the job and to ensure their physical condition will not endanger the health, safety or well-being of the employee, other employees or the public. The initial cost of the physical shall be borne by the applicant but will be reimbursed by the City after successful completion of the probationary period. The offer of employment may be conditioned on the results of the examination.

(g) A candidate may be disqualified from consideration if: (1) found physically unable to perform the duties of the position (and the individual's condition cannot reasonably be accommodated in the workplace); (2) the candidate refuses to submit to a medical examination or complete medical history forms; or (3) if the exam reveals use of alcohol and/or controlled substances.

3.030 TEMPORARY EMPLOYEES.

(a) With approval of the City Manager, temporary employees may be used during emergencies or other peak workload periods, to temporarily replace regular employees absent due to disability, illness, vacation or other approved leave, or to temporarily fill a vacancy until a regular employee is hired.

(b) Temporary employees may be hired without competitive recruitment or examination.

(c) Temporary employees are eligible for overtime pay as required by law. Temporary employees are not eligible and do not receive retirement, vacation, sick leave, health insurance, holiday or any other benefits during their employment.

3.040 TRIAL PERIOD.

(a) All newly hired employees or former employees who have been rehired or employees promoted to a new classification enter a trial period which is considered an integral part of the selection and evaluation process. During the trial period an employee is required to demonstrate suitability for the position through actual work performance.

(b) The normal trial period is six (6) months from the employee's date of hire, rehire or promotion; however, longer periods may be established for positions requiring technical, professional, specialized, unusual or unique skills or qualifications.

(c) An employee's trial period may be extended for up to an additional six (6) months (when needed due to circumstances such as extended illness or a need to continue to evaluate marginal performance) to properly evaluate the employee's performance. The trial period will not be shortened for any reason.

(d) Trial employees accrue vacation and sick leave but are not eligible to use leave until after their trial period is completed.

3.050 EMPLOYMENT OF RELATIVES (NEPOTISM).

(a) Employees' relatives will not be employed by the City under any of the following circumstances:

(1) Where one of the parties would have authority (or practical power) to supervise, appoint, remove, or discipline the other.

(2) Where one party would be responsible for auditing the work of the other; or

(3) Where other circumstances might lead to potential conflict among the parties or conflict between the interest of one or both parties and the best interests of the City.

(b) "Relatives" include an employee's parent, child, spouse, brother, sister, in-laws and step relationships.

(c) If two employees marry, become related or begin sharing living quarters with one another, and in the City's judgment, the potential problems noted above exist or reasonably could exist, only one of the employees will be permitted to stay with the City, unless reasonable accommodations, as determined by the City Manager, can be made to eliminate the potential problem. The decision as to which relative will remain with the City must be made by the two employees within thirty (30) calendar days of the date they marry, become related, or begin sharing living quarters with each other. If no decision has been made during this time, the City reserves the right to terminate either or both employees.

3.060 PROMOTIONS AND TRANSFERS.

(a) The City encourages current City employees to apply for vacant City positions for which they are qualified. Promotions and transfers are based on the Department Head's recommendation, work force requirements, performance evaluations, job descriptions and related City requirements.

(b) Regular employees are eligible for promotion, transfer or voluntary demotion. To be considered for another position, an employee must have satisfactorily completed the trial period and possess the qualifications for the vacant position, unless such requirements are waived by the City Manager in the best interests of the City.

SECTION 4 – COMPENSATION

4.010 SALARY CLASSIFICATION AND GRADES.

Each job title within the City is classified into one of the City's classifications for salary purposes, based on job qualifications, level of responsibility, difficulty, working conditions, skill, hazard, and amount of supervision required for the specific job title. Each classification is designated a particular salary or salary range shown on the City's salary and wage schedule, which is approved periodically by the City Council. Each salary range is broken down into steps representing levels from the minimum to the maximum pay for that classification.

4.020 EMPLOYEE PAY RATES.

(a) Employees shall be paid within the limits of the salary range to which their positions are assigned.

(b) Usually, new employees will start their employment at the minimum salary rate for their classification. However, a new employee may be employed at a higher rate than the minimum when the employee's experience, training or proven capability warrant, or when prevailing market conditions require a starting rate greater than the minimum.

(c) After a new employee completes the six (6) month probationary period and successfully completes a performance appraisal, that employee achieves full-time status and advances one step within his salary range.

(d) Pay increases (steps) are contingent on satisfactory performance. If an employee's performance is consistently unsatisfactory, the City Manager or designee may defer a scheduled pay increase for a stipulated period of time or until the employee's job performance is satisfactory.

(e) The City Manager may propose and the City Council may grant an across the board pay adjustment (cost-of living increase) from time to time, raising the salaries of all positions by a specified amount within a defined group of classifications. Such adjustments, if any, will not change an employee's pay anniversary date.

4.030 PAYDAYS.

Employees are paid on a biweekly (every other week on Fridays) basis. Pay periods end on Tuesday at midnight.

4.040 DEDUCTIONS.

Some regular deductions from the employee's earnings are required by law; other deductions are specifically authorized by the employee. The City will withhold from the employee's paycheck those deductions required by law and any voluntary deductions authorized by the employee, or statute.

4.050 TRAVEL AWAY FROM THE CITY.

All travel away from the City must be approved in advance by the City Manager. A City vehicle should be used for travel if available. If private automobiles are used, employees will be reimbursed at rates established and modified from time to time by the standard allowable U.S. Internal Revenue Service (IRS) rate for automobile use.

4.060 TRAVEL EXPENSE REIMBURSEMENT.

1. OVERNIGHT TRIPS

(a) City employees will be reimbursed for reasonable and customary expenses actually incurred in connection with the business of the City for overnight travel including food, lodging and travel expenses while away, but excluding any expenses for alcoholic beverages. Tips, not to exceed 15%, for meals, taxis, or baggage handling are reimbursable.

(b) Lodging expenses will be reimbursed on completion of authorized travel upon submittal of proper claim. A reasonable class of accommodation shall be selected where choice is available. The single rate should be clearly indicated on all receipts.

(c) Meal reimbursements for all overnight trips are to be itemized on proper expense reports form. Expenses are limited to the amount allowed by the State of Mississippi for travel.

(d) Mileage for use of personal vehicles will be reimbursed at the allowable IRS rate per mile. No reimbursement for mileage shall exceed the dollar amount of round trip airfare at the coach rate on a licensed common carrier, plus auto rental or taxi fare at the point of destination. When two or more employees are attending the same seminar, convention, or meeting, carpooling shall be practiced whenever possible. The actual speedometer reading from City Hall to the destination and return to City Hall shall be used. If an employee for his or her own convenience travels by an indirect route or interrupts travel by the most economical route, the employee shall bear any extra expense involved. Reimbursement for such travel shall be for only that part of the expense as would have been necessary in order to travel.

2. LOCAL TRAVEL AND EXPENSES

(a) No mileage will be paid for commuting from an employee's personal residence to City Hall or a work station.

(b) Reimbursement for local meals will be allowed only where the employee is attending a seminar or conference as a representative of the City for a specific purpose, or where the employee's attendance will directly benefit the City. The cost of the meal must be included in the conference. No reimbursement will be allowed for meetings which are of a social nature. The request for reimbursement of local meals should include the following information: (1) date, (2) place, (3) meeting attended, and (4) specific reason for attendance.

3. Parking fees will be reimbursed by actual costs. Receipts are required.

4. Non-allowable expenses are as follows:

(a) Laundry, cleaning or valet services
(b) Tobacco or tobacco products
(c) Alcoholic beverages
(d) Entertainment
(e) Personal telephone calls
(f) First class travel accommodations when economy or coach class is available
(g) Meals and lodging in lieu of other meals and lodging the expense of which is included in the registration fee
(h) Fines, forfeitures or penalties
(i) Rental vehicles except as pre-approved by the City Manager
(j) Expenses of a spouse of other non-employee
(k) Loss or damage to personal property
(l) Barber, beauty parlor, shoeshine or toiletries
(m) Personal postage

5. TRAVEL ADVANCES

(a) Travel advances will be approved by the City Manager.

(b) Reports must be completed within ten (10) working days of the official travel. If the report if not completed timely, the amount of the entire advance will be deducted from the employee's next paycheck.

4.070 COMPENSATION UPON TERMINATION.

When an employee's employment with the City is terminated, the employee will receive the following compensation:

(a) Regular wages for all hours worked up to the time of termination which have not already been paid.

(b) Any overtime or holiday pay due.

(c) A lump sum payment of any payable accrued but unused vacation and compensatory time.

SECTION 5 – PERFORMANCE EVALUATIONS AND TRAINING

5.010 PERFORMANCE EVALUATIONS.

(a) To achieve the City's goal to train, promote and retain the best-qualified employee for every job, the City may conduct periodic performance evaluations for all positions.

(b) The City Manager is responsible for developing and maintaining the City's performance evaluation program.

(c) Employees are to be evaluated by their Department Heads prior to completion of their trial period and at least once annually thereafter.

(d) The evaluation is part of an employee's personnel record and may be a factor in determining the employee's conversion to regular status, whether the employee receives a wage increase, or is to be promoted, transferred, demoted, laid off, or terminated.

5.020 TRAINING POLICY.

(a) The City seeks, within the limits of available resources, to offer training to increase an employee's skills, knowledge and abilities directly related to City employment, to obtain or maintain required licenses and certifications, and to develop staff resources. Opportunities may include, but are not limited to: on-the-job training, in-house workshops, and seminars sponsored by other agencies or organizations.

(b) Where formal education is available from a college, university or professional association, the City may support employee participation, provided the course is:

1. Directly related to your job;
2. Approved in advance and in writing by your Department Head and the City Manager on a case by case basis; and
3. Completed in a timely fashion with a "C" or "Pass" grade. Reimbursement will be made upon submitting documentation of successful completion of the course as follows: C – 50% reimbursement, B – 75% reimbursement, A – 100% reimbursement.

Reimbursement will be made for tuition and books, subject to budgetary constraints.

(c) It is expected that employees who have received tuition assistance or other specialized training will remain with the City for at least a period of six (6) months and will apply their acquired skills and knowledge to improve the City's performance.

SECTION 6 – BENEFITS

6.010 RETIREMENT BENEFITS.

(a) The City makes contributions on behalf of all eligible employees to the Social Security System in addition to those contributions made by the employee through FICA payroll deductions.

(b) All regular full-time and probationary employees are covered under the Mississippi Public Employees Retirement System. Participation in the system is mandatory. Benefit levels and contribution rates set by the State.

(c) Employees intending to retire should notify their Department head of their intent to retire at least three months prior to the date of retirement.

6.020 DISABILITY BENEFITS.

(a) All employees are covered by worker's compensation insurance. This type of insurance covers employees in case of on-the-job injuries or job-related illnesses. For qualifying cases, the insurance will pay the employee for work days lost for any disability resulting from job-related injuries or illnesses. All job-related accidents must be reported immediately to the supervisor.

(b) When an employee is absent for one or more days due to an on-the-job accident, the employee is required to file a claim for Worker's Compensation. If the employee files a claim, the City will continue to pay (by use of and to the extent of the employee's unused sick leave) the employee's regular salary pending receipt of Worker's Compensation benefits.

(c) When the employee receives Worker's Compensation benefits, the employee is required to repay to the City the amount covered by Worker's Compensation and previously advance by the City. This policy is to ensure that employees will receive prompt and regular payment during periods of injury or disability so long as accrued sick leave is available, while insuring that no employee receives more than the employee would have received had the injury not occurred. Upon the repayment of funds advanced, the appropriate amount of sick leave shall be restored to the employee's account.

(d) The City may require an examination at it's expense, performed by a physician of it's choice, to determine when the employee can return to work and if the employee will be capable of performing the duties and responsibilities of the position.

6.030 INSURANCE BENEFITS.

(a) The City provides group medical, dental and life insurance to all full-time employees. Employees are eligible to participate in the City's insurance programs upon completion of thirty (30) days of service. Coverage will begin on the first day of the month following the thirty (30) days of service. The programs and criteria for eligibility will be explained at the time the employee becomes eligible to join. The City reserves the right to make changes in the carriers and provisions of these programs when deemed necessary or advisable.

(b) Upon mutual agreement between the employee and the City, and in accordance with the terms and conditions of the insurance policy, the City will continue health insurance coverage at the employee's expense during an approved unpaid leave of absence other than Family Medical Leave Act (FMLA). COBRA continuation rights may apply in the event coverage is not extended through the City. For insurance benefits while on leave under FMLA, see section on FMLA.

(c) While an employee is receiving Worker's Compensation benefits, the City will continue to pay the employee's health insurance premiums.

(d) Upon an employee's termination from City employment, at the employee's option and expense, the employee may elect to continue City health insurance benefits to the extent provided under COBRA. Continuation rights are not available if an employee is terminated for "gross misconduct."

(e) An administrative handling fee over and above the cost of the insurance premium may be charged the employee or their dependents who elect to exercise their COBRA continuation rights.

6.040 UNEMPLOYMENT COMPENSATION

City employees may qualify for State Unemployment Compensation after termination from City employment depending on the reason for termination and if certain qualifications are met.

6.100 LEAVES OF ABSENCE AND TIME OFF

6.110 VACATION.

(a) Each regular full-time employee is entitled to vacation leave as follows:

Years of Employment	Vacation Hours Earned
0-5 years	8.0 hours/month
6- 10 years	10.0 hours/month
11-15 years	12.0 hours/month
16-20 years	14.0 hours/month
20+ years	16.0 hours/month

(b) All new employees must satisfactorily complete their trial period to be entitled to the accrual and use of vacation leave. Regular part-time employees will receive vacation on a pro-rata basis. Temporary employees are not eligible for any vacation benefits.

(c) Each Department Head is responsible for scheduling his/her employees' vacations without undue disruption of department operations. Leave requests shall be submitted at least two weeks prior to taking vacation leave.

(d) Upon resignation or retirement from City employment an employee shall be paid cash at the normal rate of pay for his unused annual leave up to a maximum of 240 hours, provided regular status has been attained. Vacation time earned in excess of 240 hours shall be counted as creditable service for purposes of the Public Employees Retirement System.

(e) An employee who terminates prior to completion of his or her probationary period has not accrued vacation time, and therefore is not entitled to payment for unused vacation time.

(f) If an employee transfers from one department within the City to another, the vacation leave credits shall also be transferred.

(g) Vacation leave will not accrue while an employee is on leave of absence without pay. Accrued and unused vacation leave may be used to supplement sick leave if the employee has exhausted sick leave accruals.

(h) Paid holidays occurring during vacation are not charged to vacation.

(i) Department Heads are responsible for managing the vacation schedules in their departments and for administering the provisions of this policy.

(j) The City Manager shall approve all vacation schedules for Department Heads.

6.120 SICK LEAVE.

(a) All full-time regular employees, accrue sick leave benefits at the rate of eight (8) hours for each calendar month of continuous employment. Regular part-time employees may accrue sick leave benefits on a pro-rata basis according to hours worked.

(b) Temporary employees do not earn sick leave benefits. Regular full-time employees who have not completed their probationary period accrue sick leave but are not entitled to use leave. Employees do not accrue sick leave benefits during a leave without pay.

(c) Sick leave covers those situations in which an employee is absent from work due to:

(1) Physical injury or illness to the employee;

(2) The need to care for the employee's dependent children, spouse or parent who are ill;

(3) Medical or dental appointments for the employee or dependent child, spouse or parent provided that the employee must make a reasonable effort to schedule such appointments at time which have the least interference with the work day;

(4) Exposure to a contagious disease where on-the-job presence of the employee would jeopardize the health of others;

(5) Use of a prescription drug which impairs job performance or safety;

(6) Actual periods of temporary disability associated with pregnancy or childbirth. Employees may request additional time off beyond the actual period of disability; vacation leave, compensatory time, or leave without pay may be used.

(7) The death of an immediate family member, not to exceed three (3) days.

(d) A doctor's certificate may be required when an employee is absent for a period of excess of three (3) days. The immediate supervisor has the authority to require a medical certificate after one (1) day. The City may also request the opinion of a second doctor at the City's expense to determine whether the employee suffers from a physical or mental condition which impairs their ability to perform the job.

(e) Employees who use all their accumulated sick leave and require more time off word due to illness or injury may, with their Department Head's prior approval, take leave without pay.

(f) In any case in which an employee shall be entitled to benefits or payments under Workers' Compensation, the City shall pay the difference between the benefits received by such employee and the regular rate of compensation he would have received from the City if able to work. The foregoing payments by the City shall be limited to the period of time that such employee had accumulated sick leave credits.

(g) When an employee goes on sick leave, he must notify his immediate supervisor or Department Head immediately. Notification should be within thirty (30) minutes after the beginning of the scheduled work day. Failure to do so may result in denial of such leave pay. The employee should also let the supervisor know when he expects to return to work.

(h) An employee who is on disability or sick leave shall keep his supervisor advised on a daily basis as to condition and expected date of return to duty. If requested, the employee shall file a doctor's certificate stating the cause of the absence and the nature of the illness before sick leave payment is authorized.

(i) When an employee is transferred to another department or position within the City, any unused sick leave shall transfer with the employee.

(j) It is the responsibility of each Department Head or designated supervisor to ensure that the provisions of this policy are observed. Corrective action should be taken in instances of suspected abuses or misinterpretation of the utilization of sick leave.

(k) The City Manager may permit a regular full-time or regular part-time employee to receive sick leave donations from other qualified employees if that employee suffers from an illness, injury or condition which is of an extraordinary or severe nature and which has caused or is likely to cause the employee to deplete his vacation and sick leave reserves. The employee shall not receive more than 720 hours of donated sick leave. Such leave shall be donated and used in 8-hour increments. No employee may donate or transfer any sick leave that would result in his own sick leave account going below 160 hours.

6.130 FAMILY OR MEDICAL LEAVE.

(a) The City will comply with all applicable requirements of the Family and Medical Leave Act (FMLA). The City will provide eligible employees up to twelve (12) weeks of unpaid, job-protected leave in any 12-month period for certain family and medical reasons.

(b) The FMLA defines eligible employees as employees who:
(1) have worked for the City for at least 12 months, and
(2) have worked for the City for at least 1250 hours in the previous 12 months.

(c) Eligible employees may take leave for the following reasons:
(1) to care for a child upon birth or upon placement for adoption or foster care; or
(2) to care for a parent, spouse, or child with a serious health condition; or
(3) when an employee is unable to work because of the employee's own serious health condition.

(d) A "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:
(1) inpatient care, including any period of incapacity or any subsequent treatment in connection with the inpatient care; or
(2) "continuing treatment" by a health care provider.
Examples of a "serious medical condition" include, but are not limited to, pregnancy, heart condition requiring surgery, back conditions requiring surgery or extensive therapy, severe respiratory conditions, and injuries caused by accidents on or off the job.

(e) The City will require certification of any employee's need for sick leave or the family member's serious health condition, both before the leave begins and on a periodic basis thereafter, by the employee's health care provider or the family member's health care provider, as the case may be. The City also may require a second or third opinion, at the City's expense, and then the leave is a result of the employee's own serious health condition, a fitness for duty report will be required before the employee is allowed to return to work. The City may deny leave to employees who do not provide proper advance leave notice or medical certification.

(f) FMLA leave for birth or placement for adoption or foster care must conclude within 12 weeks of the birth or placement. In addition, spouses who are both employed by the City are jointly entitled to a combined leave of 12 workweeks of family leave for the birth or placement of a child for adoption or foster care, and to care for a parent who has a serious health condition.

(g) Eligible employees may take FMLA leave intermittently (for example, in blocks of time) or by reducing a work schedule in certain circumstances. The City reserves the right to reassign (at his current pay and benefits) the employee to a position where the intermittent leave or reduced hours schedule can be better accommodated.

(h) Requests for a leave of absence or any extension of a leave should be submitted in writing to the employee's Department Head thirty (3) days prior to commencement of the leave period, or as soon as is practicable. The request for leave under this policy due to serious medical condition must included:
(1) the date on which the serious medical condition commenced;
(2) the anticipated length of the condition (a date must be supplied);
(3) the appropriate medical facts regarding the condition known by the health care provider on the day certification is given.
The Department Head will forward the request to the City Manager recommending approval or denial. The final decision concerning the request will be made by the City Manager.

(i) All employees on approved leave are expected to report, in writing, at the end of three (3), six (6) and nine (9) weeks to the Department Head their status and their intent to return to work. Not less than one (1) week prior to returning, the employee shall give the City a physician's release and formal notice of the intent to return to work on a specific date.

(j) Employees who are on an approve leave of absence will be required to use all accrued vacation, and sick leave in the case of personal illness, while on leave. The City will provide health insurance and other benefits to employees on leave, as required by law. Benefits that accrue according to length of service, such as paid vacation, holiday, and sick leave, do not accrued during periods of unpaid leave.

(k) If an employee informs the City that he does not intend to return to work at the end of the leave period, the City's obligation to provide health benefits ends. If the employee chooses not to return to work for reasons other than continued serious health condition, the City will require the employee to reimburse the City the amount the City contributed towards the employee's health insurance during the leave period.

(l) If the employee contributes to a life insurance or disability plan, the City will continue making payroll deductions while the employee is on paid leave. While the employee is on unpaid leave, the City will request that the employee continue to make those payments. If the employee does not continue these payments, the City will recover the payments at the end of the leave period, in a manner consistent with the law.

(m) Employees returning from a leave of absence to full-time duty will be reinstated to their same job or to an equivalent job with equivalent status and pay, as required by law. Employees returning from sick leave must provide certification of their ability to perform the functions of their job.

6.140 LEAVE WITHOUT PAY.

(a) The City Manager may grant leaves of absence without pay for absence from work not covered by any other type of leave or if other leave balances are exhausted. Examples of situations for which leave without pay may be granted include time off work for personal reasons, such as prolonged illness, parenting, caring for an ill relative, pursuing an education, or fulfilling a military obligation in excess of fifteen (15) days per year.

(b) Only regular full-time and part-time employees who have satisfactorily completed their trial period are eligible for leave without pay. The following requirements apply:

(1) Leave may be granted to an employee for a period of up to ninety (90) days upon the approval of the City Manager. Further extensions are at the discretion of the City Manager.
(2) Accrued compensatory time, if any, and vacation leave must be exhausted prior to taking any leave without pay.
(3) An employee's benefits are suspended during the period of unpaid leave until the employee returns to work. Vacation, sick leave and/or any other benefits do not accrue while an employee is on leave without pay.
(4) In some circumstances, self-payment of benefits may apply.
(5) An employee who fails to report promptly at the end of the unpaid leave is presumed to have resigned. An employee returning from leave may, at the City's option, return to the same position or similar position at a comparable rate of pay.
(6) If the leave without pay is due to an illness, the City may require a doctor's certificate stating that the employee is capable of returning to work and performing the work, duties and responsibilities of the employee's position.

6.150 JURY AND WITNESS LEAVE.

(a) Employees may be granted time off with pay to serve on a jury, or as a court witness related to City employment. If an employee is summoned during a critical work period, the City may ask the employee to request a waiver from duty.

(b) An employee granted such leave shall reimburse the City for any pay received while serving as a juror or witness.

(c) Time away will not affect vacation or sick leave accruals.

(d) An employee who receives notice of jury duty must notify his supervisor immediately in order that arrangements may be made to cover the position.

(e) An employee may keep any court payment for services performed on the days of his regularly scheduled weekend or performed while on vacation or personal leave. Court payments for travel are to be retained by the employee.

(f) Employees who appear in court as the plaintiff or defendant in any action not related to their official duties shall not be paid for time away from work unless that time is accrued vacation or personal leave.

(g) Employees are to return to work after jury duty although no more than the regularly scheduled number of hours for both jury duty and work shall be required. If excused as a juror on any given day, the employee is expected to contact his supervisor and to report to work as intended.

6.160 ADMINISTRATIVE LEAVE.

On a case-by-case basis, the City may place an employee on administrative leave with pay for an indefinite period of time, as determined by the City Manager to be in the best interests of the City during the pendency of an investigation or other administrative proceeding.

6.170 *MILITARY LEAVE.*

(a) Employees who are members of the National Guard or Federal reserve military units may be absent from their duties, with pay, for a period of up to fifteen (15) days per calendar year when they are performing ordered military training duty and while gong to and from that duty.

(b) Military leave of absence shall result in no loss of seniority status or benefits which would have normally accrued if the employee had not been absent for such purposes.

(c) *An employee requesting military leave in excess of fifteen (15) days may request the use* of vacation, compensatory time or leave without pay.

(d) The City will make a reasonable effort to adjust work schedules and assignments to accommodate employees fulfilling military obligations.

(e) An employee promoted or hired to fill a vacancy created by a person on military leave is appointed to the position subject to the return of the absent employee. Upon such return, a promoted employee is restored to his original position or an equivalent position. A replacement employee is subject to layoff if no other position is available.

(f) An employee is responsible to provide his Department Head copies of all military orders which will result in a leave of absence for active military duty. Employees are required to notify their supervisors at the earliest possible date upon learning of scheduled military duty.

(g) Employees who fail to return to work on the date specified in the leave request without receiving an extension in advance are subject to disciplinary action up to and including termination.

(h) Inactive duty training dates (weekend drills) should be provided to the Department Head as soon as available if the dates conflict with scheduled employment with the City.

6.180 BEREAVEMENT LEAVE.

(a) A regular full-time or part-time employee who has a member of his immediate family taken by death shall receive up to three (3) days (24 hours) off with pay as bereavement leave to arrange and/or attend funeral activities.

(b) "Immediate family" shall be defined as spouse, mother, father, mother-in-law, father-in-law, children, sister, brother, daughter-in-law, son-in-law, sister-in-law, brother-in-law, grandparents and grandchildren.

(c) If additional time is necessary, it shall be taken s vacation or unpaid leave if vacation has been exhausted with advance authorization by the Department Head and/or City Manager. Time for attendance at funerals of others may be granted without pay or made up within the same pay period.

(d) The employee must notify his immediate supervisor upon making determination to take time off from work.

(e) Employees who fail to return to work on the date specified to the Department Head without receiving an extension are subject to disciplinary action up to and including termination.

6.190 HOLIDAYS

(a) The following holidays are recognized by the City:

New Years Day
Martin Luther King's Birthday
Good Friday
Memorial Day
Independence Day
Labor Day
Thanksgiving Holidays (2)
Christmas Holidays (2)

(b) Any holiday falling on Saturday will be celebrated on the preceding Friday. Any holiday falling on Sunday will be celebrated on the following Monday.

(c) For non-emergency personnel, non-exempt regular full-time or part-time employees will be paid for the holiday plus one and one-half times their regular rate of pay for any time worked on the holiday. Such time must be preauthorized by the supervisor.

(d) Temporary employees will be paid at their regular straight-time rate for hours worked on a holiday.

(e) For non-exempt emergency personnel, holiday pay is as follows:
Police – Officers not working the holiday, 8 hours holiday pay
- Officers working the holiday, 12 hours holiday pay
Fire - Fighters not working the holiday, 12 hours holiday pay
- Fighters working the holiday, 24 hours holiday pay

(f) When a holiday falls within a period of paid leave, the holiday shall not be counted as a leave day.

(g) An employee who is absent without leave on the day immediately preceding or following a holiday shall lose the holiday pay.

6.195 RELIGIOUS HOLIDAYS

If an employee's religious beliefs require observance of a holiday not included in the basic holiday schedule, the employee may, with the Department Head'
s approval, take the day off using vacation, compensatory time, or leave without pay.

SECTION 7 – EMPLOYEE RESPONSIBILTIES AND CONDUCT

7.010 GENERAL POLICY.

(a) The safety and welfare of the City's citizens shall at all times be held as a central mission of government. All City employees are expected to represent the City to the public in a professional manner which is courteous, efficient and helpful. Employees must maintain a clean and neat appearance appropriate to their work assignment, as determined by their position and Department Head.

(b) Since the proper working relationship between employees and the City depends on each employee's ongoing job performance, professional conduct and behavior, the City has established certain minimum standards of personal conduct. Among the City's expectations are: Basic tact and courtesy towards the public and fellow employees; adherence to City policies, procedures, safety rules and safe work practices; compliance with directions from supervisors; preserving and protecting the City's equipment, grounds, facilities and resources; and providing orderly and cost efficient services to its citizens.

7.015 OUTSIDE EMPLOYMENT AND CONFLICTS OF INTEREST.

(a) Employees shall not, directly or indirectly, engage in any outside employment or financial interest which may conflict, in the City's opinion, with the best interests of the City or interfere with the employee's ability to perform the assigned City job. Examples include, but are not limited to, outside employment which:

(1) prevents the employee from being available for work beyond normal working hours, such as emergencies or peak work periods, when such availability is a regular part of the employee's job;
(2) is conducted during the employee's work hours;
(3) utilizes City telephones, computers, supplies, or any other resources, facilities or equipment;

(4) is employment with a firm which has contracts with or does business with the City; or

(5) may reasonably be perceived by members of the public as a conflict of interest or otherwise discredits public service.

(b) An employee who chooses to have an additional job, contractual commitment or self-employment, may do so provided the employee obtains prior approval from the employee's immediate supervisor.

7.020 POLITICAL ACTIVITIES.

(a) City employees may participate in political or partisan activities of their choosing provided that city resources and property are not utilized, and the activity does not adversely affect the responsibilities of the employees in their positions. Employees may not campaign on City time or in a City uniform or while representing the City in any way. Employees may not allow others to use City facilities or funds for political activities.

(b) Any City employee who meets with or may be observed by the public or otherwise represents the City to the public, while performing the regular duties may not wear or display any button, badge or sticker relevant to any candidate or ballot issue during working hours. Employees shall not solicit, on City property or City time, a contribution for a partisan political cause.

(c) Except as noted in this policy, City employees are otherwise free to fully exercise their constitutional First Amendments rights.

7.025 NO SMOKING POLICY.

For health and safety considerations, the City prohibits smoking by employees in all City facilities, including City-owned buildings, vehicles, and offices or other facilities rented or leased by the City, including individual employee offices.

7.030 USE OF CITY EQUIPMENT.

Use of City phones for local personal phone calls should be kept to a minimum; long distance personal use is prohibited. Other City equipment, including vehicles, should be used by employees for City business only. Only city employees are allowed to use or operate City Equipment, including vehicles. An employees' misuse of City services, telephones, vehicles, equipment or supplies can result in disciplinary action including termination.

7.035 BULLETIN BOARDS.

Information of special interest to all employees is posted regularly on the City bulletin boards. Employees may not post any information on these bulletin boards without the authorization of the City Manager.

7.040 CONTACT WITH NEWS MEDIA.

The City Manger or designated Department Heads shall be responsible for all official contacts with the news media during working hours, including answering of questions from the media. The City Manager or Department Head may designate specific employees to give out procedural, factual or historical information on particular subjects.

7.045 SEAT BELT POLICY.

Anyone operating or riding in City vehicles must wear seat belts at all times.

7.050 DRIVER'S LICENSE REQUIREMENTS.

(a) As part of the requirements for certain specific City positions, an employee may be required to hold a valid State Driver's license.

(b) If an employee's license is revoked, suspended or lost, or is in any other way not current, valid and in the employee's possession, the employee shall promptly notify the Department Head and will be immediately suspended from driving duties. Failure to notify the Department Head could result in termination. The employee may not resume driving until proof of a valid, current license is provided to the department head.

(c) Depending on the duration of license suspension, revocatoin or other inability to drive or a poor driving records that would affect the City's insurance rating, an employee may be subject to disciplinary action, including termination.

7.055 SAFETY.

(a) Every employee is responsible for maintaining a safe work environment and following the City's safety rules. Negligence in adherence to a on-the-job safety standards will be considered grounds for discipline and/or termination. Each employee shall promptly report all unsafe or potentially hazardous conditions to the Department Head. The City will make every effort to remedy problems as quickly as possible.

(b) In case of an accident involving a personal injury, regardless of how serious, employees shall immediately notify their immediate supervisor and Department Head.

7.060 SUBSTANCE ABUSE.

The City may discipline or terminate an employee possessing, consuming, controlling, selling or using alcohol, drugs or other controlled substances during working hours. The City may also discipline or terminate an employee who exhibits an ongoing dependence on alcohol, drugs or other controlled substances which, in the City's opinion, impairs the employee's work performance, poses a threat to the public confidence, or is a safety risk to the City or others. The City is committed to supporting employees who undergo treatment and rehabilitation for alcohol or other chemical dependency.

(a) Employees who voluntarily report an alcohol, drug or controlled substance dependency problem will not be subject to retaliation or discrimination. Normal standards will continue to apply. Employees who voluntarily seek treatment may use sick leave to attend a bona fide treatment or counseling program. The City may condition continued employment on the employee's successful completion of treatment or counseling programs and future avoidance of alcohol, drugs or other controlled substances.

(b) An employee may be required to submit to alcohol, drug or controlled substance testing when the employee's work performance causes a reasonable suspicion that the employee is impaired due to current intoxication, drug or controlled substance use or in cases where employment has been conditioned upon remaining alcohol, drug or controlled substance free following treatment. Refusal to submit to testing, when requested, may result in immediate disciplinary action, including termination.

(c) Employees using any prescription or over the counter drugs which might impair their work performance should notify their Department Head. At the option of the Department Head, an employee may be reassigned to less hazardous duty or be placed on sick leave if impaired work performance might pose a threat to the public confidence or to the safety of the employee or others.

7.065 DRUG-FREE WORKPLACE.

(a) The manufacturing, distribution, dispensation, possession or use of unlawful drugs or alcohol on City premises or during work hours by City employees is strictly prohibited.

(b) Employees must notify the City within five (5) days of any conviction for a drug violation in the workplace.

(c) Violation of this policy can result in disciplinary action, including termination. Continued poor performance or failure to successfully complete an assigned rehabilitation program is grounds for termination.

(d) Employees who are required to maintain a Commercial Driver's License (CDL) are subject to random drug testing as required by the Federal government in conformance with adopted City policy.

7.070 COMPLAINT PROCEDURES.

The City recognizes that sometimes situations arise in which an employee feels that they have not been treated fairly or in accordance with City rules and procedures. For this reason the City provides its employees with procedures for resolving complaints.

(a) Step 1: An employee should first try to resolve any problem or complaint with the Supervisor.

(b) Step 2: When normal communication between an employee and the supervisor is not successful, or when an employee disagrees with the application of City policies and procedures, the employee should attempt to resolve the problem with the Department Head. The Department Head will respond to the employee in writing within five (5) days after meeting with the employee, if possible.

(c) Step 3: If the employee is not satisfied with the response from the Department Head, the employee may submit the problem in writing to, the City Manager. The written complaint must contain, at a minimum:

(1) A description of the problem;

(2) A specific policy or procedure which the employee believes has been violated or misapplied;

(3) The date of the circumstances leading to the complain or the date when the employee first became aware of these circumstances;

(4) The remedy sought by the employee to resolve the complaint;

(5) The written complaint should be filed within ten (10) working days of the occurrence leading to the complaint, or ten (1) working days after the employee becomes aware of the circumstances.

(d) The City Manager may meet with the parties, either individually or together, and the City Manager will respond in writing to the aggrieved employee within ten (10) days of the meeting. The City Manager response and decision shall be final and binding.

SECTION 8 – DISCIPLINE AND TERMINATION

8.010 DISCIPLINE.

(a) All employees are expected to exercise good judgment, loyalty, common sense, dedication, and courtesy in the performance of their duties. The primary mission of every employee is to provide courteous, orderly, efficient, and economic delivery of services to the citizens of the City.

(b) Acts, errors, or omissions which discredit the public service or impair the provision of orderly services to the citizens of the City may result in discipline, including termination.

(c) The City Manager or Department Head, as appropriate, has full discretion and authority to impose disciplinary action in accordance with City policy and the circumstances of the particular case.

(d) The following are examples of the types of behavior which may result in discipline:

(1) Drinking alcohol or the abuse of nonprescription or prescription drugs or other controlled substances on the job, or arriving on the job under the influence of or while in possession of alcohol, drugs, or other controlled substances.

(2) Violation of lawful duty.

(3) Insubordination.

(4) Absence from work without first notifying and securing permission from the supervisor.

(5) Habitual absence or tardiness for any reason.

(6) Unsatisfactory job performance, as determined by the City.

(7) Conviction of a felony or a misdemeanor involving moral turpitude.

(8) Acceptance of fees, gratuities or other valuable items in the performance of the employee's official duties for the City.

(9) Inability, refusal or failure to perform the duties of the assigned job.

(10) Violation of duties or rules imposed by this manual, or by any other City rule, regulation or administrative order.

(e) This list is not all-inclusive, but only serves as a general guide. The City may discipline or terminate employees for other reasons not stated above.

(f) In the event that discipline is necessary, the following types of disciplinary actions may be used, depending on the particular situation:

(1) Oral Warning. An oral warning is a counseling session between the employee's supervisor and the employee on the subject of the employee's conduct and performance, or their failure to observe a rule, regulation, or administrative instruction. It is intended to increase an employee's efficiency and value to the City by changing the employee's conduct, attitude, habits, or work methods. Following the counseling session the supervisor shall document the oral warning.

(2) Reprimand. A reprimand is a formal written disciplinary action for misconduct, inadequate performance, or repeated lesser infractions. Written reprimands are placed in the employee's personnel file.

(3) Suspension. A suspension is a temporary, unpaid absence from duty which may be imposed as a penalty for significant misconduct or repeated lesser infractions. A suspension is a sever disciplinary action which is made part of the employee's permanent record.

(g) Suspension with pay, where the employee is placed on administrative leave, may be utilized by the City Manager pending the results of an investigation or disciplinary action where the City Manager determines that factors such as public confidence, the safety of the employee or the efficient functioning of the City call for such a suspension.

8.020 TERMINATION.

(a) An employee may be terminated from City employment for any of the reasons listed below.

(1) During or at the end of the employee's trial period.

(2) As a result of disciplinary action.

(3) Due to loss of skills, certifications or other conditions which would maek the employee unfit for service.

(4) If the employee has a physical or mental impairment that prevents the employee from safely performing the required duties of the employee's position and the employee cannot be reasonably accommodated. The City may require an examination at its expense performed by a physician of its choice. Failure to submit to such request may result in termination.

(5) Whenever the City Manager determines to make changes deemed to be in the best interest of the City.

8.030 LAYOFF.

(a) The City Manager may lay off employees for lack of work, budgetary restrictions or other changes that have taken place.

(b) Temporary employees or employees who have not completed their trial period will be laid off before regular employees are affected.

(c) In determining who is to be laid off, consideration will be given to individual performance and the qualifications required for remaining jobs. Seniority will be considered when performance and qualifications are equal.

(d) Employees who are laid off may be eligible to be re-employed, if a vacancy occurs in a position for which they are qualified.

8.040 RESIGNATION.

An employee should provide two (2) weeks notice of resignation. This time limit may be waived by the employee's Department Head of the City Manager.

8.050 DEATH.

Upon the death of an employee, all compensation due shall be paid to the surviving spouse or the estate of the employee.

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO ACCEPT RESIGNATION OF CITY MANAGER

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the resignation of Kay Johnson effective January 22, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

At this time, Councilmember McQueen entered the meeting.

ORDER TO APPOINT INTERIM CITY MANAGER

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to appoint Sabrina Diamond as interim City Manager while retaining the title of City Clerk. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

RECESSED MEETING DATED JANUARY 16, 2001

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

February 6, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, February 6, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Leavern Guy, and Kelly McQueen, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Gerald Cruthird, followed by the Pledge of Allegiance.

APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the minutes of the Mayor and City Council dated January 16, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ADVERTISE FOR SEMI-ANNUAL BIDS FOR SUPPLIES

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Purchasing Agent to advertise for semi-annual bids for supplies. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO APPROVE SUBMISSION OF GRANT APPLICATION FOR ECONOMIC DEVELOPMENT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign a grant application with the Economic Development Administration (EDA) for the proposed aircraft fueling operation economic development project at the Picayune Municipal Airport. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the minutes of the Pearl River County Development Association (PRCDA) dated November 27, 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to grant the request of Sav-A-Life of the Pearl River Area to hold a Walk for Life walk-a-thon on May 5, 2001 from 8:00 a.m. until 12:00 noon and to approve the closure of Pine Street and Quince Street in the area of Goodyear Boulevard. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to grant the request of the Picayune/MainStreet/Downtowners Association to hold the annual spring Street Fair to be held April 7 and 8, 2001 and to approve the closure of West Canal Street from Herman Street to North Main Street and the closure of East Canal Street from North Steele Avenue to Highway 11. The street closures are approved from 6:30 p.m. on April 6, 2001 until 7:00 p.m. on April 8, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the monthly claims docket for February, 2001 in the total amount of $ 389,143.45. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

EMPLOYEE OF THE MONTH

Upon recommendation of City Clerk Sabrina Diamond, Bettye King was declared Employee of the Month for February, 2001. Mrs. King was presented with a savings bond from First Federal Bank.

SENIOR CENTER

Members of the Senior Center were present and presented the following resolution to the council:

RESOLUTION

WHEREAS, the City of Picayune is always searching for ways to enhance the lives of our many senior citizens, but with limited resources this is not an easy task; and

WHEREAS, by joining hands and providing financial support for services that our city could not fully fund and staff, you have joined with us to provide services using the dedication and commitment of others that share like goals and needs; and

WHEREAS, this seed money has provided the basic stability that is needed for us to build upon; and

WHEREAS, your seed money contributed to this project is an INVESTMENT rather than an expenditure, which will come back to the City, a hundred fold, in goodwill, in services for it's citizens and in future new facility; and

WHEREAS, the beneficiaries are all of us-the City, the Seniors, the Citizens; and

WHEREAS, one of the greatest successes of this joint effort "THE SENIOR PROJECT" is that it has spawned faith that citizens and government can "give" together to Bond, to make each other strong; and

WHEREAS, this project is a "WIN-WIN" situation for all the citizens of our community; and

WHEREAS, having received grant money to purchase land and to proceed with the construction of the new facility this year; and

WHEREAS, the Senior Center is embarking on a fund raising program to raise funds to enhance our project;

NOW, THEREFORE, Be It Resolved by the Board of Directors that we respectfully request that you proclaim the month of February as 'SENIOR FUND RAISING" month throughout our community.

Respectfully submitted Board of Directors of the Senior Center:

/s Dr. Ahmad Haidar Dr. Ahmad Haidar	/s Rev. Johnny Ball Rev. Johnny Ball	/s Ginny Downes Ginny Downes
/s Olga Everett Olga Everett	/s Randy Scheel Randy Scheel	/s Dr. C.J. Wallace Dr. C.J. Wallace
/s Wootsie Tate Wootsie Tate	/s Kathleen Walters Kathleen Walters	/s Fr. Jay Breisch Fr. Jay Breisch
/s Melva Estrada Melva Estrada	/s Juanita Gex Juanita Gex	Dr. William Hawley

/s Joseph C. Stewart
Joseph C. Stewart, Esquire
Ordered and unanimously adopted, on this, the 6th day of February, 2001.

Upon motion from Councilmember Guy, seconded by Councilmember Roberson the following resolution was presented to the Senior Center:

RESOLUTION

WHEREAS, The South Pearl River County Senior Center has provided a quality of life for senior citizens of our Community; and

WHEREAS, as a Certified Retirement Community, the Greater Picayune area is attracting retirees at an unprecedented rate; and

WHEREAS, when families consider spending considerable savings and/or income to relocate to a new community a "Retirement Community", it is most important to retirees to seek answers to specific needs. The City of Picayune is particularly gratified to be able to recommend and put these inquiries in touch with the Senior Center; and

WHEREAS, the Senior Center has already outgrown its present facility with clients numbering over five hundred a month last year; and

WHEREAS, the Board of Directors of the Senior Center have dedicated themselves to have a newly constructed state-of-the-art center by 2002 and have obtained grant money to purchase land and to proceed with the construction of the new facility this year; and

WHEREAS, the Senior Center is embarking on a fund raising program to raise money to enhance their project.

NOW, THEREFORE BE IT RESOLVED, that the Picayune City Council proclaims February as "Senior Center Fund Raising Month" and urge all citizens to participate.

ADOPTED THIS 6th day of February, 2001.

/s Woody Spiers
Woody Spiers, Mayor

ATTEST:

/s Sabrina Diamond
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

Motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to advertise the resources of the City by assisting CCHY as they accept from the State the Chevron Community Pride Award and to authorize the issuance of a manual check for $300.00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENT TO THE CEMETERY BOARD

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint Jimmy Williams to the Cemetery Board for a 5-year term expiring January, 2006. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE LIBRARY COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to appoint Ola Mae Robinson to the Library Commission for a 5-year term expiring January 2006 and Martha Sheppard to the Library Commission to complete an unexpired term expiring January 2005. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE ADVISORY PARK COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to table appointments to the Advisory Park Commission. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE VETERANS MEMORIAL COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint Diane Lee and Steve Kellar to the Veterans Memorial Commission for 4-year terms expiring January, 2005. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE CONTRACTORS BOARD

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint the following members to the Contractors Board for one-year terms expiring January, 2002:

Home Builder	Rubin Herrin	Alternate: Elgie Bennett
Plumber	Tommy Anderson	Alternate: Monte Fleming
Electrician	James Kinchen	Alternate: Keith Giovengo
Bus./Fin.	Keith Robinson	Alternate: Luann Watkins
Citizen	Alan Chaver	Alternate: Edward Stubbs
Citizen	Edwin Merwin	Alternate: Gary Harrison
Engineer	James Bouie	Alternate: James Taylor

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE PEARL RIVER COUNTY LIBRARY SYSTEM

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint Ola Mae Robinson to the Pearl River County Library System for 5-year term expiring September, 2005 and Martha Sheppard to fill an unexpired term to end September 2004. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER APPOINTMENTS OF ELECTION COMMISSIONERS

Motion was made by Councilmember Roberson, seconded by Councilmember McQueen, to accept the resignations of Lucile Gillis and Katherine Furr as City Election Commissioners and to appoint Mabel Smith and Janice Young to fill the vacancies. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, and McQueen

VOTING NAY: Councilmember Guy

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion did not carry.

CONSIDER REQUEST TO PURCHASE VEHICLE FOR THE METER READING DEPARTMENT

Upon recommendation of the Public Works Director, motion was made by Councilmember Roberson, seconded by Councilmember McQueen , to authorize the purchase of a 2001 Ford Ranger XL mid-size extended cab pickup truck for the Meter Reading Department from the state

contract vendor or a local vendor at the state contract price of $13,920.50. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER BID AWARD ON HORIZONTAL DIRECTIONAL BORING MACHINE

Upon recommendation of the Public Works Director, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to accept the low bid of Ditch Witch of Mississippi in the amount of $132,234.30 for the horizontal directional boring machine for the Utility Construction Department. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER BID AWARD ON TRENCHER

Upon recommendation of the Public Works Director, motion was made by Councilmember Roberson to accept the low bid of Ditch Witch of Mississippi in the amount of $45,629.33 for the trencher for the Gas Department. Said motion died for lack of a second.

CONSIDER LEASE-PURCHASE FINANCING FOR EQUIPMENT

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor to sign the following contract with Trustmark National Bank for lease-purchase financing of the dump truck at a rate of 4.90%, contingent upon deletion of financing of the trencher. The total cost of the equipment is $ 38,906.25.

THIS LEASE-PURCHASE AGREEMENT ("Lease") dated as of February 6, 2001 between Trustmark National Bank, a national banking association organized and existing under the laws of the United States of America, as lessor ("Lessor") whose address is 248 East Capitol Street, Jackson, Mississippi 39201, Attn: Public Services Department and the City Council of the City of Picayune, Mississippi, acting for and on behalf of City of Picayune, Mississippi as lessee (Lessee"), whose address is 203 Goodyear Boulevard, Picayune, Mississippi 39466;

RECITALS

Lessee is authorized by law to acquire items of property as are needed to carry out its governmental functions and to acquire such property by entering into lease-purchase agreements.

Lessee has determined that it is necessary for it to acquire the hereafter described Equipment.

Lessor is willing to acquire such items of Equipment and to lease them to Lessee pursuant to this Lease.

NOW THEREFORE, *in the joint and mutual exercise of their powers and in* consideration of the mutual covenants herein contained, the parties hereto agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

Code: The Internal Revenue Code of 1986, as amended.

Contractor: The manufacturer(s) or vendor(s) from whom Lessee has ordered or will order or with whom Lessee has contracted or will contract for the manufacture, delivery, sale and/or installation of the Equipment.

Equipment: The property described in Exhibit A.

Fiscal Year: The twelve month fiscal period of Lessee which commences on October 1 in every year and ends on the following September 30.

Governing Body: The City Council of Lessee.

Interest Component: The portion of any Rental Payment designed as interest as shown in Exhibit B.

Net Proceeds: Any insurance proceeds or condemnation award paid with respect to the Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

Non-appropriation: The failure of the Governing Body to appropriate money for any Fiscal Year of Lessee sufficient for the continued performance of this Lease by Lessee.

Payment Date: The date upon which any Rental Payment is due and payable as provided in Exhibit B.

Permitted Encumbrances: At any particular time: (I) liens on Lessee's interest in the Equipment for taxes and assessments not then delinquent, (ii) this Lease and any amendments hereto, (iii) Lessor's interest in the Equipment, and (iv) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right which secures an amount not then due and owing for goods or services.

Principal Component: The portion of any Rental Payment designed as principal in Exhibit B

Purchase Option Price: With respect to the Equipment, as of the Payment Dates specified in Exhibit C, the amount set forth opposite such date assuming all Rental Payments and other amounts due from Lessee to Lessor have been paid as and when due.

Rental Payment: The payment due from Lessee to Lessor on each Payment Date during the Term as shown in Exhibit B.

Specifications: The bid specification and/or purchase order pursuant to which Lessee ordered the Equipment from a Contractor.

State: The State of Mississippi

State and Federal Law or Laws: The Constitution and any laws of the State and any rule or regulation of any agency of political subdivision of the State; and any law of the United States, and any rule or regulation of any agency of the United States.

Term: Unless sooner terminated pursuant to the provisions of this Lease, the period of time commencing upon the date of the execution hereof and ending on February 15, 2006.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, warrants and covenants as follows:

(a) Lessee is a municipality, which is a political subdivision of the State, duly organized and existing under the Constitution and laws of the State.

(b) Lessee is authorized under the Constitution and laws of the State to enter into this Lease and the transaction contemplated hereby, and to perform all of its obligations hereunder.

(c) The official of Lessee executing this Lease has been duly authorized to execute and deliver this Lease under the terms and provisions of a resolution of Lessee's Governing Body, or by other appropriate official action.

(d) In authorizing and executing this Lease, Lessee has complied with all public bidding and other State and Federal laws applicable to this Lease and the acquisition of the Equipment by Lessee.

(e) The Equipment will be used only to carry out the governmental purposes and to perform essential governmental functions of Lessee.

(f) Upon delivery and installation of the Equipment, Lessee will provide Lessor with a completed and executed Certificate of Acceptance in the form attached hereto as Exhibit D. If Lessee fails to execute and deliver a Certificate of Acceptance within 5 business days after delivery and installation of the Equipment, Lessee shall be deemed to have done so.

(g) Upon the execution of this Lease, Lessee will provide to Lessor an opinion of its legal counsel in the form attached hereto as Exhibit E.

(h) Upon the execution of this Lease, unless waived by Lessor, Lessee will provide to Lessor a Federal Tax Certificate in the form attached hereto as Exhibit F.

Section 2.2. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor is a national banking association, duly organized, validly existing and in good standing under the laws of the United States of America.

(b) Lessor is duly authorized to transact business in the State; has the power to own and lease the Equipment; and has dully authorized the execution and delivery of this Lease.

ARTICLE III
LEASE OF EQUIPMENT

Section 3.1. Lease. Subject to and conditioned upon the delivery of the Equipment by Contractor, Lessor hereby leases the Equipment to Lessee, and Lessee hereby leases the Equipment from Lessor, upon the terms and conditions set forth in this Lease

Section 3.2. Possession and Enjoyment. Lessor hereby covenants to provide Lessee during the Term of this Lease with the quiet use and enjoyment of the Equipment.

Section 3.3. Lessor Access to Equipment. The Lessee agrees that Lessor shall have the right, at all reasonable times, to examine and inspect the Equipment and to maintain and care for same if Lessee fails to perform its obligations hereunder.

ARTICLE IV
TERM OF LEASE

Section 4.1. Lease Term. This Lease shall be in effect for the Term.

Section 4.2. Termination Due to Non-Appropriation. In the sole event of Non-appropriation prior to an event of default, Lessee shall have the right to terminate this Lease, in whole, but not in part, at the end of any Fiscal Year of Lessee, in the manner and subject to the terms specified in this Section and Section 4.4 and 4.6. Lessee may effect such termination by giving Lessor written notice of termination and by paying to Lessor all Rental Payments which are due through the date of termination. Lessee shall endeavor to give Lessor not less than 60 days prior written notice of termination and shall notify Lessor as soon as reasonably possible of any anticipated termination. In the event of termination of this Lease as provided in this Section, Lessee shall deliver possession of the Equipment to Lessor in accordance with Section 12.3, and shall execute any documents reasonably requested by Lessor to release its interest in the Equipment.

Section 4.3. Intent to Continue Lease Terms; Appropriations. Lessee presently intends to continue this Lease for its entire Term and to pay all Rental Payments specified in Exhibit B. The appropriate department representative of Lessee will include in its budget request for each Fiscal Year the Rental payments to become due in such Fiscal Year, and will use all reasonable and lawful means at it disposal to secure the appropriation of money for such Fiscal Year sufficient to pay the Rental Payments coming due for such Fiscal Year. Lessee reasonably believes that moneys in an amount sufficient to make all such Rental Payments can and will lawfully be appropriated and made available for this purpose.

Section 4.4. Effect of Termination. Upon termination of this Lease as provided in Section 4.2, Lessee shall not be responsible for the payment of any Rental Payments coming due with respect to succeeding Fiscal Years, but if Lessee has not delivered possession of the Equipment to Lessor in accordance with Section 12.3 and released and conveyed its interest in the Equipment to Lessor within ten days after the termination of this Lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equipment to the amount of the Rental Payments coming due for the period during which Lessee fails to take such actions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions.

Section 4.5. Non-substitution. If this Lease is terminated by Lessee in accordance with Section 4.2, Lessee agrees that for a period of one year after termination, to the extent allowed by law, it will not purchase or lease other property or contract with any third party to perform the

same functions as, or functions taking the place of, those performed by the Equipment; provided, however, that this restriction shall not be applicable in the event the Equipment previously has been sold by Lessor and the amount received from such sale, less all costs of such sale, is sufficient to pay the Purchase Option Price applicable through the last Rental Payment.

Section 4.6. Termination of Lease Term. The Term of this Lease will terminate upon the occurrence of the first of the following events:

(a) the termination thereof by Lessee in accordance with Section 4.2;

(b) the exercise by Lessee of its option to purchase the Equipment pursuant to Article X;

(c) a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII; or

(d) the expiration of the Term if Lessee has made all Rental Payments required Lessee hereunder as and when due and has otherwise performed its obligations hereunder.

ARTICLE V
RENTAL PAYMENTS

Section 5.1. Rental Payments. Lessee agrees to pay Rental Payments during the Term of the Lease in the amounts and on the dates specified in Exhibit B. All Rental Payments shall be paid to Lessor at its offices at the address specified in the first paragraph of this Lease or to such other person or entity and at such other places as Lessor may, from time to time, designate by written notice to Lessee. If any Rental Payment is not paid within 10 days of the due date thereof, to the extent allowed by law, Lessee shall also be liable to Lessor for a late payment charge equal to the greater of $50.00 or four percent of the amount of the delinquency plus interest on the amount of the delinquency at the per annum rate of interest equal to the lesser of (12) percent or the maximum rate allowed by law.

Section 5.2. Current Expense. Lessor and Lessee agree that the intent of this Lease is that the obligations of Lessee under this Lease, including its obligation to pay the Rental Payments due with respect to the Equipment, in any Fiscal Year for which this Lease is in effect, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee for the benefit of Lessee of any taxes or other moneys in the annual budget of Lessee (or the proceeds or net proceeds of the Equipment) to the payment of any Rental Payment or other amount due hereunder.

Section 5.3. Principal and Interest Components. Each Rental Payment consists of a Principal Component and an Interest Component, all as more fully described in Exhibit B.

Section 5.4. Rental payments to be Unconditional. Except as provided in Section 4.2, the obligation of Lessee to make Rental Payments and other payments required hereunder shall be absolute and unconditional. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all such payments required hereunder as and when due and shall not withhold any such payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such payments. Lessee's obligation to make any payment required hereunder shall be construed to release Lessor from the performance of its obligations hereunder,; and if Lessor should fail to perform any such obligations, Lessee may institute such legal action against Lessor as Lessee may deem necessary to compel the performance of such obligation or to recover damages therefor.

Section 5.5. Tax Exemption. (a) Lessee acknowledges and agrees that the Rental Payments have been calculated by Lessor assuming that the Interest Component of each Rental Payment is exempt from federal income taxation. Lessee will do and refrain from doing all things necessary and appropriate to insure that the Interest Component of all Rental Payments is exempt from federal income taxation. In that regard, Lessee represents, covenants and warrants that:

(i) The Equipment will not be used, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, except for such use as a member of the general public.

(ii) No portion of the Rental Payments; (I) will be secured, directly or indirectly, by the property used or to be used in a trade or business carried on by a person other than a governmental unit, except for such use as a member of the general public, or by payments in respect of such property; or (ii) will be derived from payments, whether or not to Lessee, in respect of property or borrowed money used or to be used for a trade or business carried on by any person other than a governmental unit.

(iii) No portion of the cost of the Equipment will be used (directly or indirectly) to make or finance loans to persons other than governmental units.

(iv) The Lessee will execute and file all information statements required by Section 149(e) of the Code and timely pay amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code.

(b) Lessee and Lessor acknowledge that Lessee has designated this Lease as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code; (c) In the event any governmental taxing authority successfully imposes an income tax on the Interest Component or imposes an income tax on the interest component under any similar lease of Lessor which, in the

opinion of Lessor's counsel, will be determinative of the tax treatment under this Less, then Lessee agrees to pay additional Rental Payments retroactively from the date of such imposition through the end of the Term during which such tax is imposed in an amount adequate to compensate Lessor, on an after-tax basis, for the tax imposition.

ARTICLE VI
INSURANCE AND INDEMNIFICATION

Section 6.1. Liability Insurance. Upon receipt of possession of the Equipment, Lessee shall take such measures as may be necessary to insure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation or other general use of the Equipment are covered by a liability insurance policy or program acceptable to Lessor. To the extent allowed by law, Lessee shall cause Lessor to be named as an additional insured in such policy. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which any Net Proceeds may be paid.

Section 6.2. Property Insurance. Upon receipt of possession of the Equipment, Lessee shall have and assume the risk of loss with respect thereto. Lessee shall maintain in effect during the Term of the Lease, casualty insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that if a claim is made for a total loss of the Equipment such insurance proceeds will be sufficient to pay the applicable Purchase Option Price. Such insurance may be provided by a rider to an existing policy or under a separate policy. Such insurance may be written with a deductible not in excess of $1000. The Net Proceeds of insurance required by this Section shall be applied to the purchase of the Equipment as provided in Section 6.7.

Section 6.3 Worker's Compensation Insurance. If required by State law, Lessee shall carry Worker's Compensation Insurance covering all employees on, in, near or about the Equipment, and, upon request, shall furnish Lessor with certificates evidencing such coverage throughout the Term.

Section 6.4. Requirements For All Insurance. All insurance policies (or riders) required by this Article shall be maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving at least 30 days prior written notice to Lessor; and shall name Lessor as an additional insured under any liability insurance policy and as a loss payee under any casualty insurance policy. At Lessor's request, Lessee shall deposit with Lessor policies (and riders) evidencing any such insurance procured by it.

Section 6.5. General Indemnity. To the maximum extent allowed by law, Lessee assumes liability for, and shall indemnify, protect, save, and keep harmless Lessor and its agents, servants, successors, and assigns (each an indemnitee) from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any indemnities, in any way relating to or arising out of this Lease or the enforcement hereof, or the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, lease, operation, condition, sale, return, or other disposition of the Equipment or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark, or copyright infringement); provided, however, that Lessee shall not be required to indemnify any indemnitee for loss or liability arising from acts or events that occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting solely from the willful misconduct or negligence of such Indemnitee. The provisions of this Section 6.5 shall survive the expiration or earlier termination of this Lease.

Section 6.6. Damage to or Destruction of Equipment. If all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall, as soon as practicable after such event, either: (I) replace the same at Lessee's sole cost and expense with replacement equipment acceptable to Lessor, whereupon such replacement shall be substituted in this Lease by appropriate documentation; or (ii) pay the applicable Purchase Option Price of the Equipment as set forth in Exhibit C. Lessee shall notify Lessor of which course of action it will take within 15 days after the loss, destruction or damage. If Lessee elects clause (I) but fails to perform its obligation thereunder within 30 days after the loss, destruction or damage, Lessor may, at its option, declare the applicable Purchase Option Price of the Equipment set forth in Exhibit C immediately due and payable, and Lessee shall be obligated to pay the same. The Net Proceeds of all insurance payable with respect to the Equipment shall be made available to Lessee to be used to discharge Lessee's obligation under this Section. On payment of the Purchase Option Price, this Lease shall terminate and Lessee thereupon shall become entitled to the Equipment AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Equipment shall not be subject to any lien or encumbrance created or arising through Lessor.

ARTICLE VII
OTHER OBLIGATIONS OF LESSEE

7.1. Use; Permits. Lessee shall exercise due care in this installation, use, operation and maintenance of the Equipment, and shall not install, use or operate the Equipment improperly, carelessly, in violation of any State or Federal laws, or for a purpose or in a manner contrary to that contemplated by this Lease. Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall, at Lessee's expense, comply with all State and Federal Laws, that require changes or additions to be made to the Equipment.

7.2. Maintenance of Equipment by Lessee. Lessee shall, at its expense, maintain, preserve and keep the Equipment in good repair, working order and condition.

7.3. Taxes, Other Governmental Charges and Utility Charges. Except as expressly limited by this Section, Lessee shall pay all taxes, special assessments, and other charges of any kind which are lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part thereof with respect to the Term. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section. Lessee may, at its own expense and in its own name, in good faith contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in its reasonable determination, the interest of Lessor in the Equipment could be materially endangered by nonpayment of any such items, in which event Lessee shall promptly pay such taxes, assessments and charges or provide Lessor with full security against any loss which may result from non-payment, in form reasonably satisfactory to lessor.

7.4. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of (12) percent per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE VIII
TITLE

Section 8.1. Title. During the Term, and so long as Lessee is not in default as provided in Article XII, legal title to the Equipment and any and all replacements, accessories, substitutions and modifications thereto shall be in Lessee. Upon termination of this Lease for any of the reasons specified in clauses (a) and (c) of Section 4.6., full and an encumbered legal title to the Equipment shall pass to Lessor, and Lessee shall have no further interest therein. In such event, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title to the Equipment to Lessor and the termination of Lessee's interest in the Equipment. Upon termination of this Lease for either of the reasons specified in clauses (b) and (d) Section 4.6., Lessor's security or other interest in the Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may request to evidence the termination of Lessor's interest in the Equipment.

Section 8.2. Security Interest. Lessor shall have and retain and Lessee hereby grants to Lessor, a security interest under the Uniform Commercial Code in the Equipment, the proceeds thereof and all, replacements, accessories, substitutions and modifications thereto in order to secure the Rental payments and the other obligations of Lessee hereunder. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to perfect such security interest in the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment and maintain such markings during the Term, so as clearly to disclose Lessor's interest in the Equipment.

Section 8.3. Liens. During the Term of this Lease, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrances or claim on or with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in Section 7.3 and this Article, Lessee shall promptly, at its own expense, take such action as may be necessary promptly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrances or claim.

Section 8.4. Installation of Lessee's Equipment. Lessee may, at any time and from time to time, in its sole discretion and at its own expense, install other accessories and components upon the Equipment, which items shall be identified by tags or other symbols affixed thereto as property of Lessee. All such items so identified shall remain the sole property of Lessee, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore any

and all damage to the Equipment resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing such accessories or components under a conditional sale or lease/purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Equipment.

Section 8.5. Modification of Equipment. Lessee shall, at its own expense, have the right to make repairs, replacements, substitutions and modifications to all or any part of the Equipment, except that Lessee shall not be permitted to remove or disable safety features or devices. All such work and any part or component used or installed to make a repair or as a replacement, substitution or modification, shall thereafter comprise part of the Equipment and be subject to the provisions of this Lease. Such work shall not in any way damage the Equipment or cause it to be used for purposes other than those authorized under the provisions of State and Federal law or those contemplated by this Lease. Any property for which a replacement or substitution is made pursuant to this Section may be disposed of by Lessee. Lessee will not permit any mechanic's or other lien to be established or remain against the Equipment for labor or materials furnished in connection with any repair, replacement, substitution or modification of the Equipment; provided, that if any such lien is established and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may, in good faith, contest any lien filed or established against the Equipment, and, in such event, may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in its opinion, by nonpayment of any such item the interest of Lessor in the Equipment could be materially endangered or the Equipment or any part thereof could be subject to loss or forfeiture, in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form reasonably satisfactory to Lessor. Lessor will cooperate fully with Lessee in any such contest, upon the request and at the expense of Lessee.

Section 8.6. Personal Property. Lessor and Lessee agree that the Equipment is and shall at all times be and remain personal property notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner affixed or attached to or embedded in or permanently rested upon real property or any building thereon or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

ARTICLE IX
WARRANTIES

Section 9.1. Selection of Equipment. Lessor and Lessee agree that this is a "finance lease" under Article 2A of the Uniform Commercial Code. The Equipment and the Contractor have been selected by Lessee, and Lessor has no responsibility in connection with the selection of the Equipment, its suitability for the use intended by Lessee, or any delay or failure to manufacture, deliver or install the Equipment for use by Lessee. Lessee authorizes Lessor to add the serial number of the Equipment to Exhibit A when available.

Section 9.2. Installation and Maintenance of Equipment. Lessor shall have no obligation to install, erect, test, inspect, service or maintain the Equipment under any circumstances, but such actions shall be the obligation of Lessee or the Contractor.

Section 9.3. Contractor's Warranties. To the extent it may legally do so, Lessor hereby assigns to Lessee during the Term, all of its interest in all Contractor's warranties and guarantees, express or implies, applicable to the Equipment, and Lessor hereby authorizes Lessee to obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense.

Section 9.4. Patent Infringement. To the extent it may legally do so, Lessor hereby assigns to Lessee for and during the Term of this Lease all its interest in patent indemnity protection provided by any Contractor with respect to the Equipment. Such assignment of patent indemnity protection by Lessor to Lessee shall constituted the entire liability of Lessor for any patent infringement by Equipment furnished pursuant to this Lease.

Section 9.5. Disclaimer of Warranties. THE EQUIPMENT IS DELIVERD AS IS, AND LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRNATY WITH RESPECT TO THE EQUIPMENT.

ARTICLE X
OPTION TO PURCHASE

Section 10.1. When Available. Lessee shall have the option to purchase Lessor's interest in the Equipment on any Payment Date for the then applicable Purchase Option Price set forth in Exhibit C, but on if Lessee is not in default under this Lease, and only in the manner provided in this Article.

Section 10.2. Exercise the Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than 30 days prior to the Payment Date on which the option is to be exercised and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due and the applicable Purchase Option Price set forth in Exhibit C. The closing shall be on the Payment Date on which the option is to be executed at the office of the Lessor.

Section 10.3. Release of Lessor's Interest. Upon exercise of the Purchase Option by Lessee, Lessor shall convey or release to Lessee all of its right, title and interest in and to the Equipment by delivery to Lessee of such documents as Lessee reasonable deems necessary for this purpose.

ARTICLE XI
ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1. Assignment by Lessor. All of Lessor's right, title and/or interest in and to the Equipment, this Lease, the Rental Payments and other amounts due hereunder my be assigned and reassigned, in whole or in part, to one or more assignees or subassignee at any time, without the consent of Lessee. Such assignment shall be effective with respect to Lessee unless and until Lessor shall have filed a copy or written notice thereof with Lessee.

Section 11.2. Assignment and Subleasing by Lessee. Neither this Lease nor Lessee's interest in the Equipment may be assigned transferred, mortgaged, or otherwise pledged by Lessee, in whole or in part, without the written consent of Lessor. However, the Equipment may be subleased by Lessee, in whole or in part, without the consent of Lessor, subject, however, to compliance with each of the following conditions:

(i) This Lease and the obligation of Lessee to make Rental payments hereunder shall remain obligations to Lessee.

(ii) The sublessee shall assume the obligations of Lessee hereunder to the extent of the interest subleased in form and substance satisfactory to Lessor.

(iii) Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to Lessor a true and complete copy of such sublease.

(iv) No sublease by Lessee shall cause the Equipment to be used for a purpose other than a governmental function authorized under the provisions of the Constitution and laws of the State.

(v) No sublease shall cause the Interest Component of the Rental Payments to become subject to federal income taxation.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever used in this Lease with respect to the Equipment, any one or more of the following events:

(i) Failure by Lessee to pay any Rental Payment or other payment required to be paid under this Lease within five days of the time specified herein.

(ii) Failure by Lessee to provide the insurance coverages required herein.

(iii) Failure by Lessee to observe and perform any covenant, condition or agreement (other than as referred to in Clauses (I) or (ii) of this Section) on its part to be observed or performed, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(iv) The filing by Lessee of a voluntary petition in bankruptcy; the failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental or proprietary function; the adjudication of Lessee as a bankrupt; the granting by Lessee of an assignment for the benefit of creditors; the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of force majeure Lessee is unable, in whole or in part, to carry out its obligations under this Lease with respect to the Equipment, other than its obligation to pay Rental Payments with respect thereto which shall be paid when due notwithstanding the provisions of this paragraph, Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the

control of Lessee and not resulting from its negligence. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its obligations under this Lease; provided the settlement of strikes, lockouts and other labor disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other labor disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Lessee unfavorable to Lessee.

Section 12.2. Remedies on Default. Whenever any event of default referred to in Section 12.1 hereof shall have occurred and be continuing, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(i) With or without terminating this Lease, declare all Rental Payments due or to become due to be immediately due and payable, whereupon such Rental Payments shall be immediately due and payable.

(ii) With or without terminating this Lease, repossess the Equipment by giving Lessee written notice to deliver the Equipment to Lessor, whereupon Lessee shall do so in the manner provided in Section 12.3; or in the event Lessee fails to do so within 10 days after receipt of such notice, Lessor may enter upon the premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys fees. Lessee hereby expressly waives any damages occasioned by such repossession. If the Equipment or any portion of it has been destroyed or damaged beyond repair, Lessee shall pay the applicable Purchase Option Price of the Equipment, as set forth in Exhibit C (less credit for Net Proceeds), to Lessor. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments as and when due. If the Lease has not been terminated, Lessor shall return the Equipment to Lessee at Lessee's expense when the event of default is cured.

(iii) If Lessor terminates this Lease and takes possession of the Equipment, Lessor shall use its best efforts promptly to sell the Equipment, as a unit or in parts, in a commercially reasonable manner at public or private sale in accordance with applicable laws. Lessor shall apply the proceeds of such sale to pay the following items in the following order: (a) all costs incurred in securing possession of the Equipment; (b) all expenses incurred in completing the sale; (c) the balance of any Rental Payments owed by Lessee through the date of termination, and (d) the Purchase Option Price.

(iv) If the proceeds of sale of the Equipment are not sufficient to pay all amounts specified in Section 12.2(iii)(a)-(c), Lessee shall be liable for the deficiency and Lessor may take any other remedy available at law or in equity to require Lessee to perform its obligations hereunder.

Notwithstanding any other provisions of this Section 12.2, Lessor shall be entitled to damages with respect to the Lease in an amount equal to, but not in excess of, the economic equivalent intended to be provided by Lessee's payment of the Rental Payments and/or Purchase Option Price provided for herein, as and when due, plus any amount necessary to compensate Lessee for all costs, fees and expenses incurred as a result of Lessee's default.

Section 12.3. Return of Equipment. Upon the expiration or termination of this Lease prior to the payment of all Rental Payments or the Purchase Option Price, Lessee shall return the Equipment to Lessor in the condition, repair, appearance and working order required in Section 7.2, in the following manner as may be specified by Lessor: (I) by delivering the Equipment, at Lessee's cost and expense, to such place within the State as Lessor shall specify; or (ii) by shipping the same, freight prepaid, to a place within the United States specified by Lessor. If Lessee fails to return the Equipment in the manner designated, Lessor may repossess the Equipment and charge Lessee with the costs of such repossession or pursue any remedy described in Section 12.2.

Section 12.4. No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power nor shall it be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor or its assignee.

Section 12.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys and/or incur other expenses for the collection of moneys or for the enforcement of any obligation or agreement of the defaulting party hereunder, the defaulting party agrees that it will, on demand, pay to the nondefaulting party the reasonable fees of such attorneys and/or such other reasonable expenses so incurred by the nondefaulting party.

ARTICLE XIII
ADMINISTRATIVE PROVISIONS

Section 13.1. Notices. All notices, certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail, postage prepaid, to the addresses specified on the first page hereof; provided

that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions or other communications will be sent.

Section 13.2. Financial Information. During the Term of the Lease, within 180 days of Lessee's fiscal year end Lessee will provide Lessor with current financial statements and such other financial information as may be requested by Lessor or its assignee.

Section 13.3. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.4. Book Entry. The Lessor's interest in this Lease and any interest herein may be transferred only through a book entry system as prescribed by Section 149(a) of the Code, as the same may be amended from time to time. During the Term of this Lease, Lessee shall keep a complete and accurate record of all assignments and other transfers in form and substance necessary to comply with Section 149(a) of the Code. Upon assignment of Lessor's interest herein, Lessor will cause written notice of such assignment to be sent to Lessee and, upon receipt of such notice of assignment, Lessee shall: (I) acknowledge the same in writing to Lessor; and (ii) record the assignment in Lessee's "book entry system" as that term is defined in Section 149(a0 of the Code. No further action will be required by Lessor or by Lessee to evidence the assignment. No such assignment shall become effective without recordation of the assignment in said "book entry system."

Section 13.5. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.6. Amendments, Changes and Modifications. This Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee.

Section 13.7. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article, Section or Clause of this Lease.

Section 13.8. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledge and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment, for indicating the commencement date and for carrying out the expressed intention of this Lease.

Section 13.9. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.10. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed by their duly authorized officers or officials as of the date first above written.

TRUSTMARK NATIONAL BANK, Lessor

By_____

Its_____

CITY OF PICAYUNE, MISSISSIPPI, Lessee

BY_____

Its_____

REGULAR MEETING DATED FEBRUARY 6, 2001

EXHIBIT A

EQUIPMENT

The Equipment which is the subject of the attached Lease-Purchase Agreement is as follows:

Quantity	Description	Serial Number
(1) One	Dump Truck & 10 ft. Dump Body	

EXHIBIT B

SCHEDULE OF RENTAL PAYMENTS

Lessee: City of Picayune, Mississippi

Commencement Date of Lease: February 6, 2001

Number and Frequency of Payments: Five (5) Annual

Rental Payment Schedule

Due Date	Payment Number	Total Payment	Principal Component	Interest Component
2/15/02	1	19,494.39	15,248.58	4,245.81
2/15/03	2	19,494.39	16,099.32	3,395.07
2/15/04	3	19,494.39	16,888.19	2,606.20
2/15/05	4	19,494.39	17,715.71	1,778.68
2/15/06	5	19,494.39	18,583.78	910.61

EXHIBIT C

SCHEDULE OF PURCHASE OPTION PRICE

After Payment Number	Purchase Option Price
Five (5)	$ 1.00

EXHIBIT D

CERTIFICATE OF ACCEPTANCE

I, the undersigned, hereby certify that I am the duly qualified and acting City Council of City of Picayune, Mississippi ("Lessee"); and, with respect to the Lease-Purchase Agreement dated February 6, 2001(the "Lease"), by and between Lessee and Trustmark National Bank ("Lessor"), that:

1. The Equipment described in the Lease has been delivered and installed in accordance with Lessee's Specifications and has been accepted by Lessee.

2. The Rental Payments provided for in Exhibit B to the Lease shall commence and be due and payable on February 15, 2002 and on the 15th of each February thereafter, in the amounts shown on Exhibit B to the Lease.

3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Lease during the current fiscal year of Lessee, and such moneys will be applied in payment of all Rental Payments due and payable during each current fiscal year.

4. Lessee has obtained from a reputable insurance company or self funded group qualified to do business in the State insurance with respect to all risks required to be covered thereby pursuant to Article VI of the Lease.

5. Lessee is exempt from all personal property taxes and is exempt from sales and/or use taxes with respect to the Equipment and the Rental Payments.

6. During the Term, the Equipment will be used by Lessee to perform essential

government functions. Such functions are: Operations related to public services in City of Picayune.

7. There is no litigation, action, suit or proceeding pending before any court, administrative agency, arbitrator or governmental body, or to the best of Lessee's knowledge, threatened, that challenges (a) the authority of Lessee or its officers or employees to enter into the Lease, (b) the proper authorization, approval and execution of the Lease and other documents contemplated thereby, (c) the appropriation of moneys sufficient to make Rental Payments coming due under the Lease in Lessee's current fiscal year, or (d) the ability of Lessee otherwise to perform it obligations under the Lease and the transactions contemplated thereby.

All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Lease.

Dated: February 6, 2001.

CITY OF PICAYUNE, MISSISSIPPI

By_____

Its_____

EXHIBIT E

OPINION OF COUNSEL

Trustmark National Bank
248 E. Capitol Street
Jackson, MS 39201

Re: Lease-Purchase Agreement dated as of February 6, 2001, between Trustmark National Bank ("Lessor") and the City of Picayune, Mississippi ("Lessee")

Gentlemen:

I have acted as counsel to Lessee with respect to the Lease-Purchase Agreement described above (the "Lease") and various related matters, and, in this capacity, have reviewed a duplicate original or certified copy of the Lease and the Exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Lessee is a political subdivision of the State of Mississippi (the "State"), duly organized, existing and operating under the constitution and laws of the State.

2. Lessee is authorized and has power under applicable law to enter into the Lease and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of Lessee, and is a valid and binding contract of Lessee, enforceable in accordance with its terms, except to the extent limited by applicable state and federal laws affecting the enforcement of creditors rights and remedies generally.

4. The authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Lease and the appropriation of moneys to pay the Rental Payments coming due thereunder do not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending before any court, administrative agency, arbitrator or governmental body or, to the best of my knowledge, threatened, that challenges the authority of Lessee or its officials, officers or employees to enter into the Lease; the proper authorization, approval and/or execution of the Lease, Exhibits thereto and other documents contemplated thereby; the appropriation of moneys to make Rental Payments under the Lease for the current fiscal year of Lessee; or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby.

Dated February 6, 2001

Very truly yours,

EXHIBIT F

IRS FORM 8038-GC
INFORMATION RETURN FOR SMALL TAX-EXEMPT GOVERNMENTAL BOND ISSUES, LEASES, AND INSTALLMENT SALES

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER LEASE-PURCHASE FINANCING FOR EQUIPMENT

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor to sign the following contract with Trustmark National Bank for lease-purchase financing of the horizontal directional boring machine at a rate of 5.02%. The total cost of the equipment is $132,234.30.

THIS LEASE-PURCHASE AGREEMENT ("Lease") dated as of February 6, 2001 between Trustmark National Bank, a national banking association organized and existing under the laws of the United States of America, as lessor ("Lessor") whose address is 248 East Capitol Street, Jackson, Mississippi 39201, Attn: Public Services Department and the City Council of the City of Picayune, Mississippi, acting for and on behalf of City of Picayune, Mississippi as lessee (Lessee"), whose address is 203 Goodyear Boulevard, Picayune, Mississippi 39466;

RECITALS

Lessee is authorized by law to acquire items of property as are needed to carry out its governmental functions and to acquire such property by entering into lease-purchase agreements.

Lessee has determined that it is necessary for it to acquire the hereafter described Equipment.

Lessor is willing to acquire such items of Equipment and to lease them to Lessee pursuant to this Lease.

NOW THEREFORE, in the joint and mutual exercise of their powers and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

Code: The Internal Revenue Code of 1986, as amended.

Contractor: The manufacturer(s) or vendor(s) from whom Lessee has ordered or will order or with whom Lessee has contracted or will contract for the manufacture, delivery, sale and/or installation of the Equipment.

Equipment: The property described in Exhibit A.

Fiscal Year: The twelve month fiscal period of Lessee which commences on October 1 in every year and ends on the following September 30.

Governing Body: The City Council of Lessee.

Interest Component: The portion of any Rental Payment designed as interest as shown in Exhibit B.

Net Proceeds: Any insurance proceeds or condemnation award paid with respect to the Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

Non-appropriation: The failure of the Governing Body to appropriate money for any Fiscal Year of Lessee sufficient for the continued performance of this Lease by Lessee.

Payment Date: The date upon which any Rental Payment is due and payable as provided in Exhibit B.

Permitted Encumbrances: At any particular time: (I) liens on Lessee's interest in the Equipment for taxes and assessments not then delinquent, (ii) this Lease and any amendments hereto, (iii) Lessor's interest in the Equipment, and (iv) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right which secures an amount not then due and owing for goods or services.

Principal Component: The portion of any Rental Payment designed as principal in Exhibit B

Purchase Option Price: With respect to the Equipment, as of the Payment Dates specified in Exhibit C, the amount set forth opposite such date assuming all Rental Payments and other amounts due from Lessee to Lessor have been paid as and when due.

Rental Payment: The payment due from Lessee to Lessor on each Payment Date during the Term as shown in Exhibit B.

Specifications: The bid specification and/or purchase order pursuant to which Lessee ordered the Equipment from a Contractor.

State: The State of Mississippi

State and Federal Law or Laws: The Constitution and any laws of the State and any rule or regulation of any agency of political subdivision of the State; and any law of the United States, and any rule or regulation of any agency of the United States.

Term: Unless sooner terminated pursuant to the provisions of this Lease, the period of time commencing upon the date of the execution hereof and ending on February 15, 2006.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, warrants and covenants as follows:

(a) Lessee is a municipality, which is a political subdivision of the State, duly organized and existing under the Constitution and laws of the State.

(b) Lessee is authorized under the Constitution and laws of the State to enter into this Lease and the transaction contemplated hereby, and to perform all of its obligations hereunder.

(c) The official of Lessee executing this Lease has been duly authorized to execute and deliver this Lease under the terms and provisions of a resolution of Lessee's Governing Body, or by other appropriate official action.

(d) In authorizing and executing this Lease, Lessee has complied with all public bidding and other State and Federal laws applicable to this Lease and the acquisition of the Equipment by Lessee.

(e) The Equipment will be used only to carry out the governmental purposes and to perform essential governmental functions of Lessee.

(f) Upon delivery and installation of the Equipment, Lessee will provide Lessor with a completed and executed Certificate of Acceptance in the form attached hereto as Exhibit D. If Lessee fails to execute and deliver a Certificate of Acceptance within 5 business days after delivery and installation of the Equipment, Lessee shall be deemed to have done so.

(g) Upon the execution of this Lease, Lessee will provide to Lessor an opinion of its legal counsel in the form attached hereto as Exhibit E.

(h) Upon the execution of this Lease, unless waived by Lessor, Lessee will provide to Lessor a Federal Tax Certificate in the form attached hereto as Exhibit F.

Section 2.2. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor is a national banking association, duly organized, validly existing and in good standing under the laws of the United States of America.

(b) Lessor is duly authorized to transact business in the State; has the power to own and lease the Equipment; and has dully authorized the execution and delivery of this Lease.

ARTICLE III
LEASE OF EQUIPMENT

Section 3.1. Lease. *Subject to and conditioned upon the delivery of the Equipment by* Contractor, Lessor hereby leases the Equipment to Lessee, and Lessee hereby leases the Equipment from Lessor, upon the terms and conditions set forth in this Lease

Section 3.2. Possession and Enjoyment. Lessor hereby covenants to provide Lessee during the Term of this Lease with the quiet use and enjoyment of the Equipment.

Section 3.3. Lessor Access to Equipment. The Lessee agrees that Lessor shall have the right, at all reasonable times, to examine and inspect the Equipment and to maintain and care for same if Lessee fails to perform its obligations hereunder.

ARTICLE IV
TERM OF LEASE

Section 4.1. Lease Term. This Lease shall be in effect for the Term.

Section 4.2. Termination Due to Non-Appropriation. In the sole event of Non-appropriation prior to an event of default, Lessee shall have the right to terminate this Lease, in whole, but not in part, at the end of any Fiscal Year of Lessee, in the manner and subject to the terms specified in this Section and Section 4.4 and 4.6. Lessee may effect such termination by giving Lessor written notice of termination and by paying to Lessor all Rental Payments which are due through the date of termination. Lessee shall endeavor to give Lessor not less than 60 days prior written notice of termination and shall notify Lessor as soon as reasonably possible of any anticipated termination. In the event of termination of this Lease as provided in this Section, Lessee shall deliver possession of the Equipment to Lessor in accordance with Section 12.3, and shall execute any documents reasonably requested by Lessor to release its interest in the Equipment.

Section 4.3. Intent to Continue Lease Terms; Appropriations. Lessee presently intends to continue this Lease for its entire Term and to pay all Rental Payments specified in Exhibit B. The appropriate department representative of Lessee will include in its budget request for each Fiscal Year the Rental payments to become due in such Fiscal Year, and will use all reasonable and lawful means at it disposal to secure the appropriation of money for such Fiscal Year sufficient to pay the Rental Payments coming due for such Fiscal Year. Lessee reasonably believes that moneys in an amount sufficient to make all such Rental Payments can and will lawfully be appropriated and made available for this purpose.

Section 4.4. Effect of Termination. Upon termination of this Lease as provided in Section 4.2, Lessee shall not be responsible for the payment of any Rental Payments coming due with respect to succeeding Fiscal Years, but if Lessee has not delivered possession of the Equipment to Lessor in accordance with Section 12.3 and released and conveyed its interest in the Equipment to Lessor within ten days after the termination of this Lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equipment to the amount of the Rental Payments coming due for the period during which Lessee fails to take such actions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions.

Section 4.5. Non-substitution. If this Lease is terminated by Lessee in accordance with Section 4.2, Lessee agrees that for a period of one year after termination, to the extent allowed by law, it will not purchase or lease other property or contract with any third party to perform the same functions as, or functions taking the place of, those performed by the Equipment; provided, however, that this restriction shall not be applicable in the event the Equipment previously has been sold by Lessor and the amount received from such sale, less all costs of such sale, is sufficient to pay the Purchase Option Price applicable through the last Rental Payment.

Section 4.6. Termination of Lease Term. The Term of this Lease will terminate upon the occurrence of the first of the following events:

(a) the termination thereof by Lessee in accordance with Section 4.2;

(b) the exercise by Lessee of its option to purchase the Equipment pursuant to Article X;

(c) a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII; or

(d) the expiration of the Term if Lessee has made all Rental Payments required Lessee hereunder as and when due and has otherwise performed its obligations hereunder.

ARTICLE V
RENTAL PAYMENTS

Section 5.1. Rental Payments. Lessee agrees to pay Rental Payments during the Term of the Lease in the amounts and on the dates specified in Exhibit B. All Rental Payments shall be paid to Lessor at its offices at the address specified in the first paragraph of this Lease or to such other person or entity and at such other places as Lessor may, from time to time, designate by

written notice to Lessee. If any Rental Payment is not paid within 10 days of the due date thereof, to the extent allowed by law, Lessee shall also be liable to Lessor for a late payment charge equal to the greater of $50.00 or four percent of the amount of the delinquency plus interest on the amount of the delinquency at the per annum rate of interest equal to the lesser of (12) percent or the maximum rate allowed by law.

Section 5.2. Current Expense. Lessor and Lessee agree that the intent of this Lease is that the obligations of Lessee under this Lease, including its obligation to pay the Rental Payments due with respect to the Equipment, in any Fiscal Year for which this Lease is in effect, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee for the benefit of Lessee of any taxes or other moneys in the annual budget of Lessee (or the proceeds or net proceeds of the Equipment) to the payment of any Rental Payment or other amount due hereunder.

Section 5.3. Principal and Interest Components. Each Rental Payment consists of a Principal Component and an Interest Component, all as more fully described in Exhibit B.

Section 5.4. Rental payments to be Unconditional. Except as provided in Section 4.2, the obligation of Lessee to make Rental Payments and other payments required hereunder shall be absolute and unconditional. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all such payments required hereunder as and when due and shall not withhold any such payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such payments. Lessee's obligation to make any payment required hereunder shall be construed to release Lessor from the performance of its obligations hereunder,; and if Lessor should fail to perform any such obligations, Lessee may institute such legal action against Lessor as Lessee may deem necessary to compel the performance of such obligation or to recover damages therefor.

Section 5.5. Tax Exemption. (a) Lessee acknowledges and agrees that the Rental Payments have been calculated by Lessor assuming that the Interest Component of each Rental Payment is exempt from federal income taxation. Lessee will do and refrain from doing all things necessary and appropriate to insure that the Interest Component of all Rental Payments is exempt from federal income taxation. In that regard, Lessee represents, covenants and warrants that:

(i) The Equipment will not be used, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, except for such use as a member of the general public.

(ii) No portion of the Rental Payments; (I) will be secured, directly or indirectly, by the property used or to be used in a trade or business carried on by a person other than a governmental unit, except for such use as a member of the general public, or by payments in respect of such property; or (ii) will be derived from payments, whether or not to Lessee, in respect of property or borrowed money used or to be used for a trade or business carried on by any person other than a governmental unit.

(iii) No portion of the cost of the Equipment will be used (directly or indirectly) to make or finance loans to persons other than governmental units.

(iv) The Lessee will execute and file all information statements required by Section 149(e) of the Code and timely pay amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code.

(b) Lessee and Lessor acknowledge that Lessee has designated this Lease as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code; (c) In the event any governmental taxing authority successfully imposes an income tax on the Interest Component or imposes an income tax on the interest component under any similar lease of Lessor which, in the opinion of Lessor's counsel, will be determinative of the tax treatment under this Less, then Lessee agrees to pay additional Rental Payments retroactively from the date of such imposition through the end of the Term during which such tax is imposed in an amount adequate to compensate Lessor, on an after-tax basis, for the tax imposition.

ARTICLE VI
INSURANCE AND INDEMNIFICATION

Section 6.1. Liability Insurance. Upon receipt of possession of the Equipment, Lessee shall take such measures as may be necessary to insure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation or other general use of the Equipment are covered by a liability insurance policy or program acceptable to Lessor. To the extent allowed by law, Lessee shall cause Lessor to be named as an additional insured in such policy. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which any Net Proceeds may be paid.

Section 6.2. Property Insurance. Upon receipt of possession of the Equipment, Lessee shall have and assume the risk of loss with respect thereto. Lessee shall maintain in effect during the Term of the Lease, casualty insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that if a claim is made for a total loss of the Equipment such insurance proceeds will be sufficient to pay the applicable Purchase Option Price.

Such insurance may be provided by a rider to an existing policy or under a separate policy. Such insurance may be written with a deductible not in excess of $1000. The Net Proceeds of insurance required by this Section shall be applied to the purchase of the Equipment as provided in Section 6.7.

Section 6.3 Worker's Compensation Insurance. If required by State law, Lessee shall carry Worker's Compensation Insurance covering all employees on, in, near or about the Equipment, and, upon request, shall furnish Lessor with certificates evidencing such coverage throughout the Term.

Section 6.4. Requirements For All Insurance. All insurance policies (or riders) required by this Article shall be maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving at least 30 days prior written notice to Lessor; and shall name Lessor as an additional insured under any liability insurance policy and as a loss payee under any casualty insurance policy. At Lessor's request, Lessee shall deposit with Lessor policies (and riders) evidencing any such insurance procured by it.

Section 6.5. General Indemnity. To the maximum extent allowed by law, Lessee assumes liability for, and shall indemnify, protect, save, and keep harmless Lessor and its agents, servants, successors, and assigns (each an indemnitee) from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any indemnities, in any way relating to or arising out of this Lease or the enforcement hereof, or the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, lease, operation, condition, sale, return, or other disposition of the Equipment or any part thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark, or copyright infringement); provided, however, that Lessee shall not be required to indemnify any indemnitee for loss or liability arising from acts or events that occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting solely from the willful misconduct or negligence of such Indemnitee. The provisions of this Section 6.5 shall survive the expiration or earlier termination of this Lease.

Section 6.6. Damage to or Destruction of Equipment. If all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall, as soon as practicable after such event, either: (I) replace the same at Lessee's sole cost and expense with replacement equipment acceptable to Lessor, whereupon such replacement shall be substituted in this Lease by appropriate documentation; or (ii) pay the applicable Purchase Option Price of the Equipment as set forth in Exhibit C. Lessee shall notify Lessor of which course of action it will take within 15 days after the loss, destruction or damage. If Lessee elects clause (I) but fails to perform its obligation thereunder within 30 days after the loss, destruction or damage, Lessor may, at its option, declare the applicable Purchase Option Price of the Equipment set forth in Exhibit C immediately due and payable, and Lessee shall be obligated to pay the same. The Net Proceeds of all insurance payable with respect to the Equipment shall be made available to Lessee to be used to discharge Lessee's obligation under this Section. On payment of the Purchase Option Price, this Lease shall terminate and Lessee thereupon shall become entitled to the Equipment AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Equipment shall not be subject to any lien or encumbrance created or arising through Lessor.

ARTICLE VII
OTHER OBLIGATIONS OF LESSEE

7.1. Use; Permits. Lessee shall exercise due care in this installation, use, operation and maintenance of the Equipment, and shall not install, use or operate the Equipment improperly, carelessly, in violation of any State or Federal laws, or for a purpose or in a manner contrary to that contemplated by this Lease. Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall, at Lessee's expense, comply with all State and Federal Laws, that require changes or additions to be made to the Equipment.

7.2. Maintenance of Equipment by Lessee. Lessee shall, at its expense, maintain, preserve and keep the Equipment in good repair, working order and condition.

7.3. Taxes, Other Governmental Charges and Utility Charges. Except as expressly limited by this Section, Lessee shall pay all taxes, special assessments, and other charges of any kind which are lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part thereof with respect to the Term. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu of or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section. Lessee may, at its own expense and in its own name, in good faith contest any such taxes, assessments, and other charges and, in the event of any such

contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in its reasonable determination, the interest of Lessor in the Equipment could be materially endangered by nonpayment of any such items, in which event Lessee shall promptly pay such taxes, assessments and charges or provide Lessor with full security against any loss which may result from non-payment, in form reasonably satisfactory to lessor.

7.4. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of (12) percent per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

ARTICLE VIII
TITLE

Section 8.1. Title. During the Term, and so long as Lessee is not in default as provided in Article XII, legal title to the Equipment and any and all replacements, accessories, substitutions and modifications thereto shall be in Lessee. Upon termination of this Lease for any of the reasons specified in clauses (a) and (c) of Section 4.6., full and an encumbered legal title to the Equipment shall pass to Lessor, and Lessee shall have no further interest therein. In such event, Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title to the Equipment to Lessor and the termination of Lessee's interest in the Equipment. Upon termination of this Lease for either of the reasons specified in clauses (b) and (d) Section 4.6., Lessor's security or other interest in the Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may request to evidence the termination of Lessor's interest in the Equipment.

Section 8.2. Security Interest. Lessor shall have and retain and Lessee hereby grants to Lessor, a security interest under the Uniform Commercial Code in the Equipment, the proceeds thereof and all, replacements, accessories, substitutions and modifications thereto in order to secure the Rental payments and the other obligations of Lessee hereunder. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to perfect such security interest in the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment and maintain such markings during the Term, so as clearly to disclose Lessor's interest in the Equipment.

Section 8.3. Liens. During the Term of this Lease, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrances or claim on or with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in Section 7.3 and this Article, Lessee shall promptly, at its own expense, take such action as may be necessary promptly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrances or claim.

Section 8.4. Installation of Lessee's Equipment. Lessee may, at any time and from time to time, in its sole discretion and at its own expense, install other accessories and components upon the Equipment, which items shall be identified by tags or other symbols affixed thereto as property of Lessee. All such items so identified shall remain the sole property of Lessee, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore any and all damage to the Equipment resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing such accessories or components under a conditional sale or lease/purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Equipment.

Section 8.5. Modification of Equipment. Lessee shall, at its own expense, have the right to make repairs, replacements, substitutions and modifications to all or any part of the Equipment, except that Lessee shall not be permitted to remove or disable safety features or devices. All such work and any part or component used or installed to make a repair or as a replacement, substitution or modification, shall thereafter comprise part of the Equipment and be subject to the provisions of this Lease. Such work shall not in any way damage the Equipment or cause it to be used for purposes other than those authorized under the provisions of State and Federal law or those contemplated by this Lease. Any property for which a replacement or substitution is made pursuant to this Section may be disposed of by Lessee. Lessee will not permit any mechanic's or other lien to be established or remain against the Equipment for labor or materials furnished in connection with any repair, replacement, substitution or modification of the Equipment; provided, that if any such lien is established and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may, in good faith, contest any lien filed or established against the Equipment, and, in such event, may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in its opinion, by nonpayment of any such item the interest of Lessor in the Equipment could be materially endangered or the Equipment or any part thereof could be subject to loss or forfeiture,

in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form reasonably satisfactory to Lessor. Lessor will cooperate fully with Lessee in any such contest, upon the request and at the expense of Lessee.

Section 8.6. Personal Property. Lessor and Lessee agree that the Equipment is and shall at all times be and remain personal property notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner affixed or attached to or embedded in or permanently rested upon real property or any building thereon or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

ARTICLE IX
WARRANTIES

Section 9.1. Selection of Equipment. Lessor and Lessee agree that this is a "finance lease" under Article 2A of the Uniform Commercial Code. The Equipment and the Contractor have been selected by Lessee, and Lessor has no responsibility in connection with the selection of the Equipment, its suitability for the use intended by Lessee, or any delay or failure to manufacture, deliver or install the Equipment for use by Lessee. Lessee authorizes Lessor to add the serial number of the Equipment to Exhibit A when available.

Section 9.2. Installation and Maintenance of Equipment. Lessor shall have no obligation to install, erect, test, inspect, service or maintain the Equipment under any circumstances, but such actions shall be the obligation of Lessee or the Contractor.

Section 9.3. Contractor's Warranties. To the extent it may legally do so, Lessor hereby assigns to Lessee during the Term, all of its interest in all Contractor's warranties and guarantees, express or implies, applicable to the Equipment, and Lessor hereby authorizes Lessee to obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense.

Section 9.4. Patent Infringement. To the extent it may legally do so, Lessor hereby assigns to Lessee for and during the Term of this Lease all its interest in patent indemnity protection provided by any Contractor with respect to the Equipment. Such assignment of patent indemnity protection by Lessor to Lessee shall constituted the entire liability of Lessor for any patent infringement by Equipment furnished pursuant to this Lease.

Section 9.5. Disclaimer of Warranties. THE EQUIPMENT IS DELIVERD AS IS, AND LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRNATY WITH RESPECT TO THE EQUIPMENT.

ARTICLE X
OPTION TO PURCHASE

Section 10.1. When Available. Lessee shall have the option to purchase Lessor's interest in the Equipment on any Payment Date for the then applicable Purchase Option Price set forth in Exhibit C, but on if Lessee is not in default under this Lease, and only in the manner provided in this Article.

Section 10.2. Exercise the Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than 30 days prior to the Payment Date on which the option is to be exercised and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due and the applicable Purchase Option Price set forth in Exhibit C. The closing shall be on the Payment Date on which the option is to be executed at the office of the Lessor.

Section 10.3. Release of Lessor's Interest. Upon exercise of the Purchase Option by Lessee, Lessor shall convey or release to Lessee all of its right, title and interest in and to the Equipment by delivery to Lessee of such documents as Lessee reasonable deems necessary for this purpose.

ARTICLE XI
ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1. Assignment by Lessor. All of Lessor's right, title and/or interest in and to the Equipment, this Lease, the Rental Payments and other amounts due hereunder my be assigned and reassigned, in whole or in part, to one or more assignees or subassignee at any time, without the consent of Lessee. Such assignment shall be effective with respect to Lessee unless and until Lessor shall have filed a copy or written notice thereof with Lessee.

Section 11.2. Assignment and Subleasing by Lessee. Neither this Lease nor Lessee's interest in the Equipment may be assigned transferred, mortgaged, or otherwise pledged by

Lessee, in whole or in part, without the written consent of Lessor. However, the Equipment may be subleased by Lessee, in whole or in part, without the consent of Lessor, subject, however, to compliance with each of the following conditions:

(i) This Lease and the obligation of Lessee to make Rental payments hereunder shall remain obligations to Lessee.

(ii) The sublessee shall assume the obligations of Lessee hereunder to the extent of the interest subleased in form and substance satisfactory to Lessor.

(iii) Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to Lessor a true and complete copy of such sublease.

(iv) No sublease by Lessee shall cause the Equipment to be used for a purpose other than a governmental function authorized under the provisions of the Constitution and laws of the State.

(v) No sublease shall cause the Interest Component of the Rental Payments to become subject to federal income taxation.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever used in this Lease with respect to the Equipment, any one or more of the following events:

(i) Failure by Lessee to pay any Rental Payment or other payment required to be paid under this Lease within five days of the time specified herein.

(ii) Failure by Lessee to provide the insurance coverages required herein.

(iii) Failure by Lessee to observe and perform any covenant, condition or agreement (other than as referred to in Clauses (I) or (ii) of this Section) on its part to be observed or performed, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(iv) The filing by Lessee of a voluntary petition in bankruptcy; the failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental or proprietary function; the adjudication of Lessee as a bankrupt; the granting by Lessee of an assignment for the benefit of creditors; the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of force majeure Lessee is unable, in whole or in part, to carry out its obligations under this Lease with respect to the Equipment, other than its obligation to pay Rental Payments with respect thereto which shall be paid when due notwithstanding the provisions of this paragraph, Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee and not resulting from its negligence. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its obligations under this Lease; provided the settlement of strikes, lockouts and other labor disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other labor disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Lessee unfavorable to Lessee.

Section 12.2. Remedies on Default. Whenever any event of default referred to in Section 12.1 hereof shall have occurred and be continuing, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(i) With or without terminating this Lease, declare all Rental Payments due or to become due to be immediately due and payable, whereupon such Rental Payments shall be immediately due and payable.

(ii) With or without terminating this Lease, repossess the Equipment by giving Lessee written notice to deliver the Equipment to Lessor, whereupon Lessee shall do so in the manner provided in Section 12.3; or in the event Lessee fails to do so within 10 days after receipt of such notice, Lessor may enter upon the premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys fees. Lessee hereby expressly waives any damages occasioned by such repossession. If the Equipment or any portion of it has been destroyed or damaged beyond repair, Lessee shall pay the applicable Purchase Option Price of the Equipment, as set forth in Exhibit C (less credit for Net Proceeds), to Lessor. Notwithstanding the fact that Lessor has taken

possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments as and when due. If the Lease has not been terminated, Lessor shall return the Equipment to Lessee at Lessee's expense when the event of default is cured.

(iii) If Lessor terminates this Lease and takes possession of the Equipment, Lessor shall use its best efforts promptly to sell the Equipment, as a unit or in parts, in a commercially reasonable manner at public or private sale in accordance with applicable laws. Lessor shall apply the proceeds of such sale to pay the following items in the following order: (a) all costs incurred in securing possession of the Equipment; (b) all expenses incurred in completing the sale; (c) the balance of any Rental Payments owed by Lessee through the date of termination, and (d) the Purchase Option Price.

(iv) If the proceeds of sale of the Equipment are not sufficient to pay all amounts specified in Section 12.2(iii)(a)-(c), Lessee shall be liable for the deficiency and Lessor may take any other remedy available at law or in equity to require Lessee to perform its obligations hereunder.

Notwithstanding any other provisions of this Section 12.2, Lessor shall be entitled to damages with respect to the Lease in an amount equal to, but not in excess of, the economic equivalent intended to be provided by Lessee's payment of the Rental Payments and/or Purchase Option Price provided for herein, as and when due, plus any amount necessary to compensate Lessee for all costs, fees and expenses incurred as a result of Lessee's default.

Section 12.3. Return of Equipment. Upon the expiration or termination of this Lease prior to the payment of all Rental Payments or the Purchase Option Price, Lessee shall return the Equipment to Lessor in the condition, repair, appearance and working order required in Section 7.2, in the following manner as may be specified by Lessor: (I) by delivering the Equipment, at Lessee's cost and expense, to such place within the State as Lessor shall specify; or (ii) by shipping the same, freight prepaid, to a place within the United States specified by Lessor. If Lessee fails to return the Equipment in the manner designated, Lessor may repossess the Equipment and charge Lessee with the costs of such repossession or pursue any remedy described in Section 12.2.

Section 12.4. No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power nor shall it be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor or its assignee.

Section 12.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys and/or incur other expenses for the collection of moneys or for the enforcement of any obligation or agreement of the defaulting party hereunder, the defaulting party agrees that it will, on demand, pay to the nondefaulting party the reasonable fees of such attorneys and/or such other reasonable expenses so incurred by the nondefaulting party.

ARTICLE XIII
ADMINISTRATIVE PROVISIONS

Section 13.1. Notices. All notices, certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail, postage prepaid, to the addresses specified on the first page hereof; provided that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions or other communications will be sent.

Section 13.2. Financial Information. During the Term of the Lease, within 180 days of Lessee's fiscal year end Lessee will provide Lessor with current financial statements and such other financial information as may be requested by Lessor or its assignee.

Section 13.3. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.4. Book Entry. The Lessor's interest in this Lease and any interest herein may be transferred only through a book entry system as prescribed by Section 149(a) of the Code, as the same may be amended from time to time. During the Term of this Lease, Lessee shall keep a complete and accurate record of all assignments and other transfers in form and substance necessary to comply with Section 149(a) of the Code. Upon assignment of Lessor's interest herein, Lessor will cause written notice of such assignment to be sent to Lessee and, upon receipt of such notice of assignment, Lessee shall: (I) acknowledge the same in writing to Lessor; and (ii) record the assignment in Lessee's "book entry system" as that term is defined in Section 149(a0 of the Code. No further action will be required by Lessor or by Lessee to evidence the assignment. No such assignment shall become effective without recordation of the assignment in said "book entry system."

Section 13.5. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.6. Amendments, Changes and Modifications. This Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee.

Section 13.7. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article, Section or Clause of this Lease.

Section 13.8. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledge and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment, for indicating the commencement date and for carrying out the expressed intention of this Lease.

Section 13.9. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.10. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed by their duly authorized officers or officials as of the date first above written.

TRUSTMARK NATIONAL BANK, Lessor

By_____

Its_____

CITY OF PICAYUNE, MISSISSIPPI, Lessee

BY_____

Its_____

EXHIBIT A

EQUIPMENT

The Equipment which is the subject of the attached Lease-Purchase Agreement is as follows:

Quantity	Description	Serial Number
(1) One	Direction Boring System and Custom Trailer	

EXHIBIT B

SCHEDULE OF RENTAL PAYMENTS

Lessee:	City of Picayune, Mississippi
Commencement Date of Lease:	February 6, 2001
Number and Frequency of Payments:	Eight (8) Annual

Rental Payment Schedule

Due Date	Payment Number	Total Payment	Principal Component	Interest Component
2/15/02	1	20,500.53	13 696.43	6,804.10
2/15/03	2	20,500.53	14,549.94	5,950.59
2/15/04	3	20,500.53	15,280.35	5,220.18
2/15/05	4	20,500.53	16,047.42	4,453.11
2/15/06	5	20,500.53	16,853.01	3,647.53
2/15/07	6	20,500.53	17,699.03	2,801.51
2/15/08	7	20,500.53	18,587.51	1,913.02
2/15/09	8	20,500.53	19,520.60	979.93

EXHIBIT C

SCHEDULE OF PURCHASE OPTION PRICE

After Payment Number	Purchase Option Price
Eight (8)	$ 1.00

EXHIBIT D

CERTIFICATE OF ACCEPTANCE

I, the undersigned, hereby certify that I am the duly qualified and acting City Council of City of Picayune, Mississippi ("Lessee"); and, with respect to the Lease-Purchase Agreement dated February 6, 2001(the "Lease"), by and between Lessee and Trustmark National Bank ("Lessor"), that:

1. The Equipment described in the Lease has been delivered and installed in accordance with Lessee's Specifications and has been accepted by Lessee.

2. The Rental Payments provided for in Exhibit B to the Lease shall commence and be due and payable on February 15, 2002 and on the 15th of each February thereafter, in the amounts shown on Exhibit B to the Lease.

3. Lessee has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments required to be paid under the Lease during the current fiscal year of Lessee, and such moneys will be applied in payment of all Rental Payments due and payable during each current fiscal year.

4. Lessee has obtained from a reputable insurance company or self funded group qualified to do business in the State insurance with respect to all risks required to be covered thereby pursuant to Article VI of the Lease.

5. Lessee is exempt from all personal property taxes and is exempt from sales and/or use taxes with respect to the Equipment and the Rental Payments.

6. During the Term, the Equipment will be used by Lessee to perform essential government functions. Such functions are: Operations related to public services in City of Picayune.

7. There is no litigation, action, suit or proceeding pending before any court, administrative agency, arbitrator or governmental body, or to the best of Lessee's knowledge, threatened, that challenges (a) the authority of Lessee or its officers or employees to enter into the Lease, (b) the proper authorization, approval and execution of the Lease and other documents contemplated thereby, (c) the appropriation of moneys sufficient to make Rental Payments coming due under the Lease in Lessee's current fiscal year, or (d) the ability of Lessee otherwise to perform it obligations under the Lease and the transactions contemplated thereby.

All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Lease.

Dated: February 6, 2001.

CITY OF PICAYUNE, MISSISSIPPI

By_____

Its_____

EXHIBIT E

OPINION OF COUNSEL

Trustmark National Bank
248 E. Capitol Street
Jackson, MS 39201

Re: Lease-Purchase Agreement dated as of February 6, 2001, between Trustmark National Bank ("Lessor") and the City of Picayune, Mississippi ("Lessee")

Gentlemen:

I have acted as counsel to Lessee with respect to the Lease-Purchase Agreement described above (the "Lease") and various related matters, and, in this capacity, have reviewed a duplicate original or certified copy of the Lease and the Exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Lessee is a political subdivision of the State of Mississippi (the "State"), duly organized, existing and operating under the constitution and laws of the State.

2. Lessee is authorized and has power under applicable law to enter into the Lease and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of Lessee, and is a valid and binding contract of Lessee, enforceable in accordance with its terms, except to the extent limited by applicable state and federal laws affecting the enforcement of creditors rights and remedies generally.

4. The authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public bidding and all other laws, rules and regulations of the State.

5. The execution of the Lease and the appropriation of moneys to pay the Rental Payments coming due thereunder do not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending before any court, administrative agency, arbitrator or governmental body or, to the best of my knowledge, threatened, that challenges the authority of Lessee or its officials, officers or employees to enter into the Lease; the proper authorization, approval and/or execution of the Lease, Exhibits thereto and other documents contemplated thereby; the appropriation of moneys to make Rental Payments under the Lease for the current fiscal year of Lessee; or the ability of Lessee otherwise to perform its obligations under the Lease and the transactions contemplated thereby.

Dated February 6, 2001

Very truly yours,

EXHIBIT F

IRS FORM 8038-GC
INFORMATION RETURN FOR SMALL TAX-EXEMPT GOVERNMENTAL BOND ISSUES, LEASES, AND INSTALLMENT SALES

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO AUTHORIZE THE ISSUANCE OF MANUAL CHECKS

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the issuance of the following manual checks:

Theresa Milar	General	$690.00
MS State Tax Commission	Utility	NTE $8,000.00
City of Picayune, General	Utility	NTE $52,000.00
Mardi Gras Imports	General	NTE $1,200.00
Billy McQueen	Utility	$131.35
Glenn Gibson	Utility	$131.35

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to accept the minutes of the Planning Commission dated December 12, 2000. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember McQueen, to acknowledge receipt of the minutes of the Planning Commission dated January 18, 2001 and January 25, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER AMENDMENT TO LANDSCAPING REQUIREMENTS IN THE ZONING ORDINANCE

The Zoning Administrator presented the following ordinance related to proposed changes in the landscaping requirements contained in the current zoning ordinance. She stated that the Planning Commission held a public hearing on the proposed changes.

ORDINANCE NO. 751

AN ORDINANCE AMENDING ORDINANCE NO. 694, SECTION 105.8 – LANDSCAPING REQUIREMENTS

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

Section 1. That Section 105.8, Landscaping Requirements shall be amended as follows:

Section 105.8 The purpose of landscaping requirements is to aid in heat abatement, noise reduction, and visual enhancement. Also, to provide visual buffering, enhance the city beautification, conserve energy and increase greenspace.

Applicability of Article.

(a) Except otherwise stated here, this shall apply to all land in the city limits.
(b) A common development including more than one lot shall be treated as one lot for the purpose of this article. Phases, split ownership, or construction in stages requiring multiple building permits shall not prevent it from being a common development. Each phase shall comply with this article's requirements.
(c) This article does not apply to the C-2 Downtown District.

Existing Developments

Any development existing before adoption of this article shall comply under any of the following circumstances.

(a) A change in the vehicular use or requiring a 25 (25%) percent increase in the number of parking spaces.
(b) Reconstruction or renovation in excess of 50 percent (50%) of the replacement cost of the structure.
(c) An increase in the floor area of a structure exceeding 25 percent (25%) of the original floor area.

Plan Approval

No lot included under this article shall be cleared of suitable landscape materials until the plans are approved through site review. Prior to permit issuance, three copies of a plot plan shall be submitted to and approved by the building division of community development and the beautification department. The plot plan shall be drawn to scale, including dimensions and distances, and shall clearly delineate the existing and proposed parking spaces or other vehicular use areas, access ways, driveways, sprinklers or water outlet locations, the location, size and description of all other landscape materials and location and size of buildings, if any, and shall designate, by name and location, the landscape material to be installed, or if existing, to be used in accordance with this article. No permit shall be issued unless plot plan complies with the provisions of this article. Landscape requirements must be completed within ninety (90) days of completion of project.

Installation and Maintenance Standards

All landscape materials required shall be good nursery stock, and shall be installed in a sound workmanlike manner and according to good planting procedures. All landscaping shall be adapted to this climate, and shall be maintained in accord with the following provisions:

(a) All landscape materials shall present a neat, healthy, clean appearance at all times.
(b) All landscaping soil shall be generally free from weeds and free from refuse and debris at all times.
(c) Landscaping elements such as walls and fences shall be repaired or replaced as needed to present a neat appearance.
(d) Any dead plant material shall be removed and replaced within sixty (60) days.
(e) Any replacement material must meet size and other characteristics of newly planted materials.
(f) Maintenance is the responsibility of the owner, agent and lessee, jointly or separately.

Vehicular Use Areas – Interior Landscaped Areas

Landscaped areas in the interior of a vehicular use area shall be provided when the vehicular use area is over 5,000 square feet in size. The following conditions shall apply to the interior landscaped areas:

(a) The total of all interior landscaped areas shall occupy at least ten (10%) percent of the vehicular use area, but in no case shall required parking spaced be reduced.
(b) Such landscaped areas shall be located to divide the expanse of paving. Unused space resulting from the design or layout of the parking spaces that is over 24 square feet in size shall be landscaped. In no case shall more than twenty (20) parking spaces be created without the inclusion of one landscaped island for each twenty (20) contiguous parking spaces created.
(c) The planting of one tree shall be required for every twenty (20) interior parking spaces. All trees shall be planted in an area no less than a three-foot square (nine

square feet total permeable area), except that additional permeable area may be required to ensure adequate growth.

(d) Multistoried or covered parking shall be exempted from interior landscaping.

Vehicular Use Areas – Perimeter Landscaping

Not less than a 3-foot landscaped buffer, free from vehicular encroachments, shall be installed around the perimeter of all vehicular use areas. The planting of one tree shall be required for every 35 lineal feet, or fraction thereof, within the perimeter landscaped area. The remainder of the perimeter landscaped area may include shrubs, groundcovers, grasses, flowers, vines, hedges and inorganic features such as planters, stone brick, and aggregate forms, provided that the combination of grass and aggregate forms shall not predominate within the perimeter landscaped area.

Vehicular Use Area – Landscaping Adjacent to Public Right-Of-Way

On the site of a building or open lot use providing an off street parking or other vehicular use area, where such area will not be entirely screened visually by an intervening building or structure from any abutting right-of-way, excluding dedicated alleys, there shall be provided landscaping between such areas for right-of-ways as follows:

(a) Not less than a five-foot landscaped buffer, free from any vehicular encroachments, located between the abutting right-of-way and the off street parking area or other vehicular use area which is exposed to an abutting right-of-way shall be landscaped. Such landscaping is to include one tree planted in accordance with the provisions of this article for each 35 lineal feet or fraction thereof. Such trees shall be located between the abutting right-of-way and off street parking area or other vehicular use area and shall be planted in a planting area of at least 25 square feet with a dimension of at least five feet. The remainder of the landscape adjacent to public rights-of-way may include shrubs, groundcovers, grasses, flowers, vines, hedges and inorganic features such as planters, stone, brick, and aggregate forms, provided that the combination of grass and aggregate forms shall not predominate within the perimeter landscaped area.

(b) All property other than the required landscaped strip lying between the right-of-way and the offset parking area or other vehicular use area shall be landscaped with at least grass or other groundcover.

(c) Necessary access ways from the public right-of-way through all such landscaping shall be permitted to service the parking or other vehicular use areas, and such access ways may be subtracted from the lineal dimensions used to determine the number of trees required. Landscaping, except required grass or groundcover, shall not be located closer than three feet to the edge of any access way pavement.

Building Landscaping

All buildings within developments shall be suitably landscaped, with particular attention being paid to landscaping of any facades opposing public right-of-way. Adjacent to all facades opposing public rights-of-way, a minimum of a five foot landscaped area shall be required. Automobile parking which projects not more than two feet into such landscaped area shall be permitted.

Screening of Vehicular Use Areas Abutting Residential Districts

When a vehicular use area abuts a residential district, a six-foot high opaque screen is required along the entire abutting edge. The screen may consist of a masonry wall, wooden fence, earth berm, opaque hedge, or any combination thereof.

Limitation on Total Area of Required Landscaping.

No development will be required to provide total landscaped area in excess of ten percent (10%) of total site area. Total landscaped areas include landscaped areas required under all the sections contained in this article. In cases where the strict application of this article requires the developer to provide total landscaped area in excess of ten percent (10%), it shall be the duty of the community development department to grant variation of the requirements in such a manner to limit the total required landscape area to ten percent (10%) of the total lot area and maintain the intent of this article.

Credit for Existing Trees

Credit shall be provided for existing trees in accordance with the following:

(a) An existing tree may be included as a part of the tree planting requirements of this article if it meets the minimum standards of this article.

(b) If any preserved tree dies within five years of construction, one tree shall be replaced for each tree credited against such preserved tree that dies.

(c) For each tree to be credited, a planting area or open ground space of at least nine square feet shall be required. The required planting area or open ground space may be increased in accordance with the diameter of the credited tree. No vehicular encroachment shall be permitted within the planting area or open ground space.

(d) Planting or open ground areas shall be located so that the trunk of the preserved tree is as close to the center of the open ground area as possible, and in no case shall the trunk be closer to the boundary of such area than one third of the maximum dimension of the designated open ground area.

(e) All trees to be credited shall have constructed around them an adequate barrier to preclude damage during the construction phase. No excavation or grading shall occur around a tree to be credited, which shall result in damage or destruction of the credited tree.

Section 2. **Severability, Conflict and Effective Date.**

Should any section, clause, paragraph, provision or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely separable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective after 30 days from its passage and upon completion of the requirements specified in Section 21-13-11, Mississippi Code of 1972, as amended.

Motion was made by Councilmember Roberson, seconded by Councilmember McQueen, to adopt the foregoing ordinance as presented. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried and the ordinance adopted.

CONSIDER AMENDMENT TO BUFFER REQUIREMENTS IN THE ZONING ORDINANCE

The Zoning Administrator presented an ordinance related to proposed changes in the buffer requirements contained in the current zoning ordinance. She stated that the Planning Commission held a public hearing on the proposed changes. Motion was made by Councilmember Roberson , seconded by Councilmember McQueen to table action on this issue. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER REQUEST FOR REZONING

The following ordinance was presented for consideration related to rezoning property located on Williams Avenue:

ORDINANCE NO. 752

AN ORDINANCE TO REZONE THE FOLLOWING DESCRIBED PROPERTY FROM R-2, TWO FAMILY RESIDENTIAL DISTRICT, TO OP, OFFICE PROFESSIONAL DISTRICT

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

Section 1. That the following R-2, Two Family Residential District, described property shall be rezoned to OP, Office Professional:

Block 3, Block 4, Block 5, Lots 1-4, R.J. Williams 1st Addition

Block 72, Block 73, Block 74 Williams Goodyear Addition

Section 2. **Severability, Conflict and Effective Date.**

Should any section, clause, paragraph, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely separable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective after 30 days from its passage and upon completion of the requirements specified in Section 21-13-11, Mississippi Code of 1972, as amended.

Motion was made by Councilmember McQueen, seconded by Councilmember Roberson, to adopt the foregoing ordinance as presented. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER REQUEST FOR CONDITIONAL USE

Motion was made by Councilmember Guy, seconded by Councilmember McQueen, to grant the request of Janice Buras for a conditional use for 815 Williams Avenue to operate a daycare center. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to approve a home occupation license for Michael and Felecia Reid to operate a locksmith and security company at 131 Grace Drive. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ACCEPT FORFEITED TAX LAND PATENT FROM THE STATE OF MISSISSIPPI

Upon recommendation of the Grants Administrator, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to accept a Forfeited Tax Land Patent from the State of Mississippi on the following described property:

Williams South Side Addition, Block 12, Lot 9
Parcel #617-515-004-06-21
Section 15, Township 6 South, Range 17 West
208 Jarrell Street

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

RECOGNITION OF THE POLICE DEPARTMENT

The Police Department was recognized as the recipient of the 2001 Innovations in Municipal Government Protective Services Award presented by the John C. Stennis Institute of Government and the Mississippi Municipal League. The award was given in recognition of the Police Department's accomplishments related to the Teen Court. No official action was taken.

ORDER TO ACKNOWLEDGE FAA FY2001 AIRPORT IMPROVEMENT PROGRAM FUNDING

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge the Federal Aviation Administration's FY 2001 Airport Improvement Program funding allocation of $183,500. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN FAA GRANT APPLICATION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the full grant application with the Federal Aviation Administration for FY 2001 Airport Improvement Program funds for $201,850.00 to be used to construct the hangar access taxiway and install a non-directional beacon. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

REGULAR MEETING DATED FEBRUARY 6, 2001

ORDER TO AUTHORIZE MAYOR TO SIGN CONTRACT FOR ENGINEERING SERVICES FOR FAA FY2001 AIRPORT PROJECT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the following contract with Allen & Hoshall, Inc. for design and construction engineering services related to the FAA FY 2001 Airport Project:

AGREEMENT BETWEEN
OWNERS AND ENGINEER
FOR PROFESSIONAL SERVICES

THIS IS AN AGREEMENT made as of February 6, 2001 between City of Picayune, Mississippi ("Owner") and Allen & Hoshall ("Engineer") OWNER intends to construct a taxiway between the existing apron and new Chevron apron (the "Project").

OWNER and ENGINEER *in consideration of their mutual covenants herein agree in respect agree* in respect of the performance or furnishing of professional engineering by ENGINEER with respect to the Project and the payment for those services by OWNER as set forth below. Execution of this Agreement by ENGINEER and OWNER constitutes OWNER's written authorization to ENGINEER to proceed on the date first above written with the first phase of the Basic Services described in Section 2 below and as further set forth in Exhibit A. "Further Description of Basic Engineering Services and Related Matter's ("Exhibit A") and in the other exhibits listed in Section 9 below. This Agreement will become effective on the date first above written and run for a duration of three years.

SECTION 1 – GENERAL

1.1 Standard of Care.

ENGINEER shall perform for or furnish to OWNER professional engineering and related services in all phases of the Project to which this Agreement applies as hereinafter provided. ENGINEER shall serve as OWNER's prime design professional and engineering representative for the Project providing professional engineering consultation and advice with respect thereto. ENGINEER may employ such ENGINEER's Consultants as ENGINEER deems necessary to assist in the performance or furnishing of professional engineering and related services hereunder. ENGINEER shall not be required to employ any ENGINEER's Consultant unacceptable to ENGINEER. OWNER shall have the right to disapprove any of ENGINEER's Consultants.

The standard of care for all professional engineering and related services performed or furnished by ENGINEER under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under similar conditions at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

1.2 Coordination with Other Documents

It is the intention of the parties that the FAA General Provisions will be used as the General Conditions for the Project and that all amendments thereof and supplements thereto will be generally consistent therewith. Except as otherwise defined herein, the terms which have an initial capital letter in this Agreement and are defined in the General Conditions will be used in this Agreement as defined in the General Conditions. The term "defective" will be used in this Agreement as defined in the General Conditions.

1.3 Definitions

Wherever used in this Agreement the following terms have the meanings indicated which are applicable to both the singular and plural therof:

1.3.1 *Additional Services.* Additional Services means the services to be performed for or furnished to OWNER by ENGINEER described in Section 3 of this Agreement.

1.3.2 *Agreement.* Agreement means this Standard Form of Agreement between OWNER and ENGINEER for Professional Services including those exhibits listed in Section 9 of this Agreement.

1.3.3 *Basic Services.* Basic Services means the services to be performed for or furnished to OWNER by ENGINEER described in Section 2 of this Agreement.

1.3.4 *Construction Cost.* Construction Cost means the total cost to OWNER of those portions of the entire Project designed or specified by ENGINEER. Construction Cost does not include ENGINEER's compensation and expenses, the cost of land, rights-of-way, or compensation for or damages to properties, or OWNER's legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project or the cost of other

services to be provided by others to OWNWER pursuant to Section 4 of this Agreement Construction Cost is one of the items comprising Total Project Costs.

1.3.5 *Contractor*. Contractor means the person or entity with whom OWNER enters into a written agreement covering construction work to be performed or furnished with respect to the Project.

1.3.6 *ENGINNER's Consultant*. ENGINEER's Consultant means a person or entity having a contract with ENGINEER to perform or furnish Basic or Additional Services as ENGINEER's independent professional associate or consultant engaged directly on the Project.

1.3.7 *Reimbursable Expenses*. Reimbursable Expenses means the expenses incurred directly in connection with the performance or furnishing of Basic and Additional Services for the Project for which OWNER shall pay ENGINEER as indicated in Exhibit B., "Payments to Engineer for Services and Reimbursable Expenses" ("Exhibit B").

1.3.8 *Resident Project Representative*. Resident Project Representative means the authorized representative of ENGINER who will be assigned to assist ENGINEER at the site during the Construction Phase. The Resident Project Representative will be ENGINEER's agent or employee and under ENGINEER's supervision. As used herein, the term Resident Project Representative included any assistants of Resident Project Representative agreed to by ONWER. The duties and responsibilities of the Resident Project Representative are set forth in Exhibit C, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative" (Exhibit C").

1.3.9 *Standard General Conditions*. Standard General Conditions means the General Provision of the Construction Contract per FAA Advisory Circular 150/5370-10A.

1.3.10 *Total Project Costs*. Total Project Costs means the sum of the Construction Cost, allowances for contingencies, the total cost of design professional and related services provided by ENGINEER and (on the basis of information furnished by OWNER) allowances for such other items as charges of all other professionals and consultants, for the cost of land and rights-of-way, for compensation for or damages to properties, for interest and financing charges and for other services to be provided by others to OWNER under paragraph 4.4, 4.5 and 4.7 through 4.14 inclusive.

SECTION 2 – BASIC SERVICES OF ENGINEER

2.1 Study and Report Phase
Upon this Agreement becoming effective, ENGINEER shall:

2.1.1 Consult with OWNER to understand OWNER's requirements for the Project and review available data.

2.1.2 Advise OWNER as to the necessity of OWNER's providing or obtaining from others data or services of the types described in paragraph 4.4 which are not part of ENGINEER's Basic Services, and assist OWNER in obtaining such data and services.

2.1.3 Identify and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ENGINEER with whom consultation is to be undertaken in connection with the Project.
2.1.4 Evaluate various alternate solutions available to OWNER as described in Exhibit A, and, after consultation with Owner, recommend to OWNER those solutions which in ENGINEER's judgement best meet OWNER's requirements for the Project.

2.1.5 Prepare a report or reports (the "Reports") which will contain the state of OWNER's requirements for the Project and, as appropriate, will contain schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate the considerations involved and those alternate solutions available to OWNER which ENGINEER recommends. These Reports will be accompanied by ENGINEER'S OPINION OF Total Project Costs for each solution which is so recommended for the Project, including the following which will be separately itemized: Opinion of probable Construction Cost, allowances for contingencies and for the estimated total costs of design professional and related services provided by ENGINEER and, on the basis of information furnished by OWNER, allowances for other items and services included within the definition of Total Project Costs.

> 2.1.5.1 The OWNER has previously and separately contracted for other reports which contain general statements of the OWNER's requirements for the Project; illustrate the general scope of the Project; and include estimates of the costs for the Project. These Reports are identified as:
>
> PICAYUNE MUNICIPAL AIRPORT PLAN, prepared by the OWNER.
>
> Boundary Survey, Picayune Municipal Airport, Chevron Facility prepared by Dungan Engineers, dated 11/02/00.

Electronic format topographic survey provided by Dungan Engineers, December 2000.

OWNER shall be responsible for, and ENGINEER may rely upon, the accuracy and completeness of all reports, data and other information furnished pursuant to this paragraph. ENGINER may use such reports, data and information in performing or furnishing services under this Agreement.

2.1.6 Furnish the Reports to and review them with OWNER.

2.1.7 Revise the Reports in response to OWNER's comments, as appropriate, and furnish final copies of the Reports in the number set forth in Exhibit A.

2.1.8 Submit the Reports within the stipulated period indicated in Exhibit A.

2.1.9 ENGINEER'S services under the Study and Report Phase will be considered complete at the earlier of (1) date when the Reports identified in Paragraph 2.1.5 have been accepted by OWNER or (2) thirty days after the date when such Reports are delivered to OWNER for final acceptance, plus in each case such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction to review the portions of the Project designed or specified by Engineer, if such approval is to be obtained during the Study and Report Phase.

The duties and responsibilities of ENGINEER during the Study and Report Phase as set forth in this paragraph 2.1 are amended an supplemented as indicated in Exhibit A.

2.2 Preliminary Design Phase

After acceptance by OWNER of the Report, selection by OWNER of a recommended solution and indication of any specific modifications of changes in the scope, extent, character or design requirements of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall:

2.2.1 On the basis of the Report, the recommended solution selected by OWNER and the specific modifications or changes in the scope, extent, character or design requirements of the Project agreed upon by OWNER and ENGINEER, prepare Preliminary Design documents consisting of final design criteria, preliminary drawings, outline specifications and written description of the Project.

2.2.2 Advise OWNER if additional reports, data or other information or services of the types described in paragraph 4.4 are necessary and assist OWNER in obtaining such reports, data or other information and services.

2.2.3 Based on the information contained in the Preliminary Design documents, submit a revised opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER.

2.2.4 Furnish the Preliminary Design documents to and review them with OWNER.

2.2.5 Submit the Preliminary Design documents and revised opinion of probable Construction Cost within the stipulated period indicated in Exhibit A.

2.2.6 ENGINEER's services under the Preliminary Design Phase will be considered complete at the earlier of (1) the date when the Preliminary Design documents have been accepted by OWNER or (2) thirty days after the date when such Preliminary Design documents are delivered to OWNER for final acceptance, plus in each case such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction to approve the Preliminary Design documentation, if such approval is to be obtained during the Preliminary Design Phase.

The duties and responsibilities of ENGINEER during the Preliminary Design Phase as set forth in this paragraph 2.2 are amended and supplemented as indicated in Exhibit A.

2.3 Final Design Phase

After acceptance by OWNER of the Preliminary Design Phase documents and revised opinion of probable Construction Cost and indication of any specific modifications or changes in the scope, extent, character or design requirements of the Project desired by OWNER, and upon written authorization from OWNER, ENGINEER shall:

2.3.1 On the basis of the accepted Preliminary Design documents, the modifications or changes in the scope, extent, character or design requirements of the Project agreed upon by OWNER and ENGINEER and the revised opinion of probable Construction Cost, prepare for incorporation in the Contract Documents final Drawings showing the scope, extent and character of the work to be performed and furnished by Contractor and Specifications (which will be prepared, where appropriate, in general conformance with the FAA Advisory Circular 150/5370-10A).

2.3.2 Provide technical criteria, written descriptions and design data for OWNER's use in filing applications for permits with or obtaining approvals of such governmental authorities as have jurisdiction to review or approve the final design of the Project, and assist OWNER in consultations with appropriate authorities.

2.3.3 Advise OWNER of any adjustments to the opinion of probable Construction Cost and any adjustments to Total Project Costs known to ENGINEER, as a result of changes in scope, extent or character or design requirements of the Project.

2.3.4 Prepare for review and approval by OWNER, its legal counsel and other advisors, contract agreement forms, general conditions and supplementary conditions, and (where appropriate) bid forms, invitations to bid and instructions to bidders, and assist in the preparation of other related documents.

2.3.5 Furnish the above documents, Drawings and Specifications to and review them with OWNER.

2.3.6 Submit the above documents, Drawings and Specifications and a revised opinion of probable Construction Cost within the stipulated period indicated in Exhibit A.

2.3.7 ENGINEER's services under the Final Design Phase will be considered complete at the earlier of (1) the date when the submittals have been accepted by OWNER or (2) thirty days after the date when such submittals are delivered to OWNER for final acceptance, plus in each case such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ENGINEER, if such approval is to be obtained during the Final Design Phase.

The duties and responsibilities of ENGINEER during the Final Design Phase as set forth in this paragraph 2.3 are amended and supplemented as indicated in Exhibit A.

2.4 Bidding or Negotiating Phase

After acceptance by OWNER of the ENGINEER's Drawings, Specifications and other final Design Phase documentation (including the most recent opinion of probable Construction Cost), and upon written authorization to proceed, ENGINEER shall:

2.4.1 Assist OWNER in advertising for and obtaining bids or negotiating proposals for the contract for construction, materials, equipment and services; and, where applicable, maintain a record of prospective bidders to whom bidding Documents have been issued, attend pre-bid conferences, if any, and receive and process deposits for Bidding Documents.

2.4.2 Issue Addenda as appropriate to clarify, correct or change the Bidding Documents.

2.4.3 Consult with OWNER as to the acceptability of subcontractors, suppliers and other persons and entities proposed by Contractor for those portions of the work as to which such acceptability is required by the Bidding Documents.

2.4.4 Attend the bid opening, prepare bid tabulation sheets and assist OWNER in evaluating bids or proposals and in assembling and awarding contracts for construction, materials, equipment and services.

2.4.5 The Bidding or Negotiating Phase will terminate and the services to be performed or furnished thereunder will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractors.

The duties and responsibilities of ENGINEER during the Bidding or Negotiating Phase as set forth in this paragraph 2.4 are amended and supplemented as indicated in Exhibit A.

2.5 *Construction Phase*

During the Construction Phase:

2.5.1 *General Administration of Construction Contract.* ENGINEER shall consult with the advise of OWNER and act as OWNER's representative as provided in the Standard General Conditions. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said Standard General Conditions shall not be modified, except to the extent provided in Exhibit A and except as ENGINEER may otherwise agree in writing. All of OWNER's instructions to Contractor will be issued through ENGINEER who shall have authority to act on behalf of OWNER in dealings with Contractor to the extent provided in this Agreement and said Standard General Conditions except as otherwise provided in writing.

2.5.2 *Visits to Site and Observation of Construction.* In connection with observations of the work of Contractor while it is in progress:

2.5.2.1 ENGINEER shall make visits to the site at intervals appropriate to the various stages of construction as ENGINEER deems necessary in order to observe as an experienced and qualified design profession the progress and quality of the various aspects of Contractor's work. In addition, ENGINEER shall provide the services of a Resident Project Representative as the site to assist ENGINEER and to provide more continuous observations of such work. The furnishing of such Resident Project Representative services will not extend ENGINEER's responsibilities or authority beyond the specific limits set forth elsewhere in this paragraph 2.5. Such visits and observations by ENGINEER and the Resident Project Representative are not intended to be exhaustive or to extend to every aspect of the work in progress, or to involve detailed inspections of the work beyond the responsibilities specifically assigned to ENGINEER in this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling and similar methods of general observation of the work based on ENGINEER's exercise of professional judgement as assisted by the Resident Project Representative. Based on information obtained during such visits and such observations, ENGINEER shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and ENGINEER shall keep OWNER informed of the progress of the work. The responsibilities of ENGINEER contained in this paragraph are expressly subject to the limitations set forth in paragraph 2.5.2.2 and other express or general limitations in this Agreement and elsewhere.

2.5.2.2 The purpose of ENGINEER's visits to and representation by the Resident Project Representative at the site will be to enable ENGINEER to better carry out the duties and responsibilities assigned to and undertaken by ENGINEER during the Construction Phase, and, in addition, by the exercise of ENGINEER's efforts as an experienced and qualified design professional, to provide for OWNER a greater degree of confidence that the completed work of Contractor will conform in general to the Contract Documents and that the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents has been implemented and preserved by Contractor. On the other hand, ENGINEER shall not, during such visits or as a result of such observation of Contractor's work in progress, supervise, direct or have control over Contractor's work nor for the means, methods, techniques, sequences or procedures of construction selected by Contractor, for safety precautions and programs incident to the work of Contractor or for any failure of Contractor to comply with laws, rules, regulations, ordinances, codes or orders applicable to Contractor's furnishing and performing the work. Accordingly, ENGINEER neither guarantees the performance of any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

2.5.3 *Defective Work.* During such visits and on the basis of such observations, ENGINEER shall have authority to disapprove of or reject Contractor's work while it is in progress if ENGINEER believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.

2.5.4 *Clarifications and Interpretations; Field Orders.* ENGINEER shall issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of the work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. ENGINEER may issue Field Orders authorizing minor variations from the requirements of the Contract Documents.

2.5.5 *Change Orders and Work Change Directives.* ENGINEER shall recommend Change Orders and Work Change Directives to OWNER as appropriate, and shall prepare Change Orders and Work Change Directives as required.

2.5.6 *Shop Drawings.* ENGINEER shall review and approve (or take other appropriate action in respect of) Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.

2.5.7 *Substitutes.* ENGINEER shall evaluate and determine the acceptability of substitute "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of paragraph 3.2.2.

2.5.8 *Inspections and Tests.* ENGINEER may required special instructions or tests of the work, and shall receive and review all certificates of inspections, test and approvals required by laws, rules, regulations, ordinances, codes, orders or the Contract Documents. ENGINEER's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, test or approvals comply with the requirements of the Contract Documents. ENGINEER shall be entitled to rely on the results of such tests.

2.5.9 *Disagreements between OWNER and Contractor.* ENGINEER shall render the initial decisions on all claims of OWNER and Contractor relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work. In rendering such decisions, ENGINEER shall be fair and not show partiality to OWNER or Contractor and shall not be liable in connection with any decisions rendered in good faith in such capacity.

2.5.10 *Applications for Payment.* Based on ENGINEER's on-site observations as an experienced and qualified design professional and on review of Applications for Payment and the accompanying data and schedules:

2.5.10.1 ENGINEER shall determine the amounts that ENGINEER recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute ENGINEER's representation to OWNER, based on such observations and review, that, to the bet of ENGINEER's knowledge, information and belief, the work has progressed to the point indicated, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of such work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is ENGINEER's responsibility to observe the work. In the case the unit price work, ENGINEER's recommendations of payment will include final determinations of quantities and classifications of such work (subject to any subsequent adjustments allowed by the Contract Documents). The responsibilities of ENGINEER contained in paragraph 2.5.10.1 are expressly subject to the limitations set forth in paragraph 2.5.10.2 and other express or general limitations in this Agreement and elsewhere.

2.5.10.2 By recommending any payment ENGINEER shall not thereby be deemed to have represented that on-site observations made by ENGINEER to check the quality or quantity of Contractor's work as it is performed and furnished have been exhaustive, extended to every aspect of the work in progress, or involved detailed inspections of the work beyond the responsibilities specifically assigned to ENGINEER in this Agreement and the Contract Documents. Neither ENGINEER's review of Contractor's work for the purposes of recommending payments nor ENGINEER's recommendation of any payment (including final payment) will impose on ENGINEER responsibility to supervise, direct or control such work or for the means, methods, techniques, sequences or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with laws, rules, regulations, ordinances, codes or orders applicable to Contractor's furnishing and performing the work. It will also not impose responsibility on ENGINEER to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any of the work, materials or equipment has passed to OWNER free and clear of any liens, claims, security interests or encumbrances, or that there may not be other matters at issue between OWNER and Contractor that might affect the amount that should be paid.

2.5.11 *Contractor's Completion Documents.* ENGINEER shall receive, review and transmit to OWNER with written comments maintenance and operating instructions, schedules, guarantees, Bonds, certificates or other evidence of insurance required by the Contract Documents, certificates of inspection, tests and approvals and marked-up record documents (including Shop Drawings, Samples and other data approved as provided under paragraph 2.5.6 and marked up record Drawings) which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment. ENGINEER's review of such documents will only be to determine generally that their content complies with the requirements of, and in the case of certificates of inspections, tests and approvals that the results certified indicate compliance with, the Contract Documents.

2.5.12 *Substantial Completion.* Following notice from Contractor that Contractor considers the entire work ready for its intended use, ENGINEER and OWNER, accompanied by Contractor, shall conduct an inspection to determine if the work is substantially complete. If after considering any objections of OWNER, ENGINEER considers the work substantially complete, ENGINEER shall deliver a certificate of Substantial Completion to OWNER and Contractor.

2.5.13 *Final Notice of Acceptability of the work.* ENGINEER shall conduct a final inspection to determine if the completed work of Contractor is acceptable so that ENGINEER may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, ENGINEER shall also provide a notice in the form attached hereto as Exhibit D (the "Notice of Acceptability of Work") that the work is acceptable (subject to the provisions of paragraph 2.5.10.2) to the best of ENGINEER's knowledge, information and belief and based on the extent of the services performed and furnished by ENGINEER under this Agreement.

2.5.14 *Limitations of Responsibilities.* ENGINEER shall not be responsible for the acts or omissions of any Contractor, or of any subcontractor, any supplier or of any other person or

organization performing or furnishing any of the work. ENGINEER shall not be responsible for Contractor's failure to perform or furnish the work in accordance with the Contract Documents.

2.5.15 *Duration of Construction Phase.* The Construction Phase will commence with the execution of the construction contract for the Project or any part thereof and will terminate upon written recommendation by ENGINEER of final payment. If the Project involves more than on prime contract as indicated in paragraph 5.5, Construction Phase services may be rendered at different times in respect of separate prime contracts.

The duties and responsibilities of ENGINEER during the Construction Phase as set forth in this paragraph 2.5 are amended and supplemented as indicated in Exhibit A.

2.6 Operational Phase.

During the Operational Phase, ENGINEER shall, when requested by Owner:

2.6.1 Provide assistance in connection with the refining and adjusting of any equipment or system.

2.6.2 Assist OWNER in training OWNER's staff to operate and maintain the Project.

2.6.3 Assist OWNER in developing systems and procedures for control of the operation and maintenance of and record keeping for the Project.

2.6.4 Prepare a set of reproducible record drawing showing record information which ENGINEER considers significant based on the Drawings, Shop Drawings, and other record documents furnished by Contractor to ENGINEER which were annotated by Contractor to show all changes made during construction. ENGINEER will not be responsible for any errors in or omission sin the information provided by Contractor that is incorporated in the record drawings or other record documents.

2.6.5 In company with OWNER, visit the Project to observe any apparent defects in the completed work, assist OWNER in consultations and discussions with Contractor concerning correction of such defects, and make recommendations as to replacement or correction of defective work.

2.6.6 Provide miscellaneous services as requested by OWNER in connection with Project closeout.

2.6.7 The Operational Phase may commence during the Construction Phase and will terminate one year after the date of Final Acceptance.

The duties and responsibilities of ENGINEER during the Operational Phase as set forth in this paragraph 2.6 are amended and supplemented as indicated in Exhibit A.

SECTION 3 – ADDITIONAL SERVICE OF ENGINEER

3.1 Additional Services Requiring Authorization of Advance.

If authorized in writing by OWNER, ENGINEER shall furnish or obtain from others Additional Services of types listed in paragraph 3.1.1 through 3.1.19, inclusive, as amended and supplemented as indicated in Exhibit A. These services are not included as part of Basic Services except to the extent otherwise provided in Exhibit A. These services will be paid for by OWNER as indicated in Section 6.

3.1.1 Preparation or review and evaluation of the effect on the design requirements of the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environment impact of the Project.

3.1.2 Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by Exhibit A.

3.1.4 Services resulting from significant change in the scope, extent or character of the portions of the Project designed or specified by ENGINEER or its design requirements including, but not limited to, changes in size, complexity, OWNER's schedule, character of construction or method of financing; and revising previously accepted studies, reports, Drawings, Specifications or Contract Documents when such revisions are required by changes in laws, rules, regulations, ordinances, codes or orders enacted subsequent to the preparation of such studies, reports, Drawings, Specifications, or Contract Documents, or are due to any other causes beyond ENGINEER's control.

3.1.5 Services resulting from facts revealed about conditions:

3.1.5.1 Which are different from information about such conditions that OWNER previously provided to ENGINEER under paragraph 4.4 if such information was not previously provided.

3.1.5.2 As to which OWNER has responsibility to provide information under paragraph 4.4 if such information was not previously provided.

3.1.6 Providing renderings or models for OWNER's use.

3.1.7 Preparing documents for alternate bids requested by OWNER for Contractor's work which is not executed or documents for out-of-sequence work.

3.1.8 Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules and appraisals; evaluating processes available for licensing and assisting OWNER in obtaining process licensing; detailed quantity surveys of materials, equipment and labor; and audits or inventories required in connection with construction performed by OWNER.

3.19 Furnishing services of ENGINEER's Consultants for other than Basic Services; and furnishing data or services of the types described in paragraph 4.4 when OWNER employs ENGINEER to provide such data or services in lieu of furnishing the same under paragraph 4.4.

3.1.10 Services attributable to a variation in the number of prime contracts from the number specified in Exhibit A for work designed or specified by ENGINEER.

3.1.11 Services during out-of-town travel required of ENGINEER other than visits to the site or OWNER's office as required by Section 2.

3.1.12 Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, Construction Management, Cost Estimating, Project Peer Review, Value Engineering and Constructability Review requested by OWNER; and performing or furnishing services required to revise studies, report, Drawings, Specifications or Contract Documents as a result of such review processes.

3.1.13 Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.

3.1.14 Assistance in connection with bid protests, rebidding or renegotiating contracts for construction, materials, equipment or services.

3.1.15 Providing any type of property surveys or related engineering services needed for the transfer of interests in real property, and providing other special field surveys.

3.1.16 Preparation of operating, maintenance and staffing manuals to supplement Basic Services under paragraph 2.6.3.

3.1.17 Preparing to serve or serving as a consultant or witness for OWNER in any litigation, arbitration or other legal or administrative proceeding involving the Project (except for assistance in consultations which is included as part of Basic Services under paragraph 2.1.3 and 2.3.2).

3.1.19 Other additional services performed or furnished by ENGINEER in connection with the Project, including services which are to be furnished by OWNER under Section 4, and services not otherwise provided for in this Agreement

3.2 Required Additional Services

When required by the Contract Documents in connection with the performance or furnishing of ENGINEER's services during the Construction Phase, ENGINEER shall perform or furnish, without waiting for specific authorization from OWNER, Additional Services of the types listed in paragraph 3.2.1 through 3.2.6, inclusive. These services are not included as part of Basic Services except to the extent provided in Exhibit A. Required Additional Services will be paid for by OWNER as indicated in Section 6. ENGINEER shall advise OWNER in writing promptly after starting any such Additional Services.

3.2.1 Services in connection with Work Change Directives and Change Orders to reflect changes requested by OWNER if, because of the method of compensation agreed upon by OWNER and ENGINEER, the resulting change in compensation for Basic Services is not commensurate with the extent of the additional services rendered.

3.2.2 Services making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or-equal" items; and services after the award of the construction contract in evaluating and determining the acceptability of a substitution which is inappropriate for the Project or an excessive number of substitutions.

3.2.3 Services resulting from significant delays, changes or price increases occurring as a direct or indirect result of materials, equipment or energy shortages.

3.2.4 Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective, neglected or delayed work of Contractor, (3) acceleration of the progress schedule involving services beyond normal working hours, or (4) default by Contractor.

3.2.5 Services (other than Basic Services during the Operational Phase) in connection with any partial utilization of any part of the Project by OWNER prior to its Substantial Completion.

3.2.6 Evaluating an unreasonable claim or an excessive number of claims submitted by Contractor or others in connection with the work.

SECTION 4 – OWNER'S RESPONSIBILITIES

Except as otherwise provided in Exhibit A, OWNER, shall do the following in a timely matter so as not to delay the services of ENGINEER and shall bear all costs incident thereto:

4.1 Designate in writing a person to act as OWNER's representative with respect to the services to be performed or furnished by ENGINEER under this Agreement. Such person will have complete authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions with respect to ENGINEER's services for the Project.

4.2 Provide all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expendability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications.

4.3 Assist ENGINEER by placing at ENGINEER's disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project.

4.4 Furnish to ENGINEER, as requested by ENGINEER for performance of Basic Services or as required by the Contract Documents, the following:

4.4.1 data prepared by or services of others, including without limitation drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the site;

4.4.2 the services of an independent testing laboratory to perform all inspections, tests and approvals of samples, materials and equipment prior to and after installation, or to evaluate the performance of materials, equipment and facilities of OWNER, prior to specifications, and during construction;

4.4.3 appropriate professional interpretations of all of the foregoing.

4.4.4 environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to the Project, the site and adjacent areas;

4.4.5 (Not used);

4..4.6 property descriptions;

4.4.7 zoning, deed and other land use restriction; and

4.4.8 other special data or consultations not covered in Section 2.

OWNER shall be responsible for, and ENGINEER may rely upon, the accuracy and completeness of all reports, data and other information furnished pursuant to this paragraph. ENGINEER may use such reports, data and information in performing or furnishing services under this Agreement.

4.5 (not used)

4.6 Arrange for access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform services under this Agreement.

4.7 Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals and other documents presented by ENGINEER (including obtaining advice of an attorney, insurance counselor and other consultants as OWNER deems appropriate with respect to such examination) and render in writing decisions pertaining thereto.

4.8 Provide approvals and permits from all governmental authorities having jurisdiction to approve the portions of the Project designed or specified by ENGINEER and such approvals and consents from others as may be necessary for completion of such portions of the Project.

4.9 Provide, as may be required for the Project:

4.9.1 accounting, bond and financial advisory, independent cost estimating and insurance counseling services;

4.9.2 such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the Project, including any that may be raised by Contractor; and

4.9.3 such auditing services as OWNER may require to ascertain how or for what purpose Contractor has used the moneys paid on account of the Contract Price.

4.10 Provide such inspection or monitoring services by an individual or entity other than ENGINEER as OWNER may desire to verify:

4.10.1 that Contractor is complying with any law, rule, regulation, ordinance, code or order applicable to Contractor's performing and furnishing the work; or

4.10.2 that Contractor is taking all necessary precautions for safety of persons or property and complying with any special provisions of the Contract Documents applicable to safety.

ENGINEER does not undertake in this Agreement to perform the services referred to in 4.10.1 and 4.10.2 above. The identity of any individual or entity employed to perform such services and the scope of such services will be disclosed to ENGINEER. To the extent required ENGINEER shall assist OWNER with regard to contracting with an individual or firm to undertake the services referred to in 4.10.1 and 4.10.2.

4.11 Advise ENGINEER of the identity and scope of services of any independent consultants employed by OWNER to perform or furnish services in regard to the Project, including, but not limited to, Construction Management, Cost Estimating, Project Peer Review, Value Engineering and Constructability Review. If OWNER designates a person or entity other than, or in addition to, ENGINEER to represent OWNER at the site, OWNER shall define and set forth in an exhibit that is to be mutually agreed upon and attached to and made a part of this Agreement before such services begin, the duties, responsibilities and limitations of authority of such other party and the relation thereof to the duties, responsibilities and authority of ENGINEER.

4.12 Prior to the commencement of the Construction Phase, notify ENGINEER of any variations in the language of the Notice of Acceptability of Work, or of any notice or certification other than such Notice that ENGINEER will be requested to provide to OWNER or third parties in connection with the financing or completion of the Project. OWNER and ENGINEER shall reach agreement on the terms of any such requested notice or certification and OWNER shall authorize such Additional Services as are necessary to enable ENGINEER to provide the notice or certification requested under this paragraph.

4.13 If more than one prime contract is to be awarded for work designed or specified by ENGINEER, designate a person or entity to have authority and responsibility for coordinating the activities among the various prime contractors, and define and set forth the duties, responsibilities and limitations of authority of such person or entity and the relation thereof to the duties, responsibilities and authority of ENGINEER in an exhibit that is to be mutually agreed upon and attached to and made a part of this Agreement before such services begin.

4.14 Furnish to ENGINEER data or estimated figures as to OWNER's anticipated costs for services to be provided by others for OWNER (such as services pursuant to paragraphs 4.4, 4.5 and 4.7 through 4.14, inclusive) and other costs so that ENGINEER may make the necessary calculations to develop and periodically adjust ENGINEER's opinion of Total Project Costs.

4.15 Attend the pre-bid conference, bid opening, preconstruction conferences, construction progress, and other job related meetings and Substantial Completion and final payment inspections.

4.16 Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of any development that affects the scope or time of performance or furnishing of ENGINEER's services, or any defect or nonconformance in ENGINEER's services or in the work of any Contractor.

4.17 Furnish, or direct ENGINEER to provide, Additional Services as stipulated in paragraph 3.1 of this Agreement or other services as required.

SECTION 5 – TIMES FOR RENDERING SERVICES

5.1 ENGINEER's services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion of the Construction Phase. Unless specific periods of time or specific dates for providing services are specified in this Agreement, ENGINEER's obligation to render services hereunder will extend for a period which may reasonably be required for the design, award of construction contracts, construction and initial operations of the Project including extra work and required extensions thereto.

5.2 If in this Agreement specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided and is such periods of time or dates are changed through no fault of ENGINEER, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If OWNER has requested changes in the scope, extent or character of the Project, the time of performance of ENGINEER's services shall be adjusted equitably.

5.3 If OWNER fails to give prompt written authorization to proceed with any phase of services after completion of the immediately preceding phase, or if the Construction Phase has not commenced within the stipulated period identified in this Agreement after completion of the Final Design Phase or does not proceed in an orderly and continuous progression, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this Agreement.

5.4 If ENGINEER's service for design or during construction of the Project are delayed or suspended in whole or in part by OWNER.

5.4.1 for more than three months through no fault of ENGINEER, ENGINEER shall be entitled to equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect, among other things, reasonable costs incurred by ENGINEER in connection with such delay or suspension and reactivation and the fact that the time for performance under this Agreement has been revises; or

5.4.2 for more than one year through no fault of ENGINEER, or if ENGINEER for any reasons is required to render Construction Phase services more than one year after Substantial Completion is achieved, the rates and amounts of compensation provided for elsewhere in this Agreement will be subject to equitable adjustment to reflect, among other things, changes in the various elements that comprise such rates of compensation.

5.5 In the event that the work designed or specified by ENGINEER is to be performed or furnished under more than one prime contract, or if ENGINEER's services are to be separately sequenced with the work of one or more prime contractors, OWNER and ENGINEER shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ENGINEER's services during the Final Design, Bidding or Negotiating and Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts.

SECTION 6 – PAYMENTS TO ENGINEER FOR SERVICES AND REIMBURSABLE EXPENSES

6.1 Methods of Payment for Services and Expenses of ENGINEER

6.1.1 *For Basic Services.* OWNER shall pay ENGINEER for Basic Services performed or furnished under Section 2 on the basis set forth in Exhibit B.
6.1.2 *For Additional Services.* OWNER shall pay ENGINEER for Additional Services performed or furnished under Section 3 on the basis set forth in Exhibit B.

6.1.3 *For Reimbursable Expenses.* In addition to payments provided for in paragraphs 6.1.1 and 6.1.2, OWNER shall pay ENGINEER for Reimbursable Expenses incurred by ENGINEER and ENGINEER's Consultants as set forth in Exhibit B. The amount payable for Reimbursable Expenses will include a factor to the extent so indicated in Exhibit B. The types of Reimbursable Expenses to be incurred by ENGINEER on the project shall be approved by the OWNER.

6.2 Other Provisions Concerning Payments.

6.2.1 *Preparation of Invoices.* Invoices for Basic and Additional Services and Reimbursable Expenses will be prepared in accordance with ENGINEER's standard invoicing practices and will be submitted to OWNER by ENGINEER at least monthly. The amount billed for Basic Services and Additional Services in each invoice will be calculated on the basis set forth in Exhibit B. Invoices are due and payable on receipt.

6.2.2 *Unpaid Invoices.* If OWNER fails to make any payment due ENGINEER for services and expenses within 45 days after receipt of ENGINEER's invoice therefor, the amounts due ENGINEER will be increased at the rate of 1.5% per month (or the maximum rate of interest permitted by law, if less) from said 45th day; and, in addition, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this Agreement until ENGINEER has

been paid in full all amounts due for services, expense and charges. Payments will be credited first to interest and then to principal. In the event of a disputed or contested billing, only that portion so contested may be withheld from payment, and the undisputed portion will be paid.

6.2.3 Payments Upon Termination

6.2.3.1 *Termination by OWNER for Cause.* In the event of termination by OWNER for cause under paragraph 8.1.1:

6.2.3.1.1 Upon the completion of any phase of Basic Services, progress payments due ENGINEER in accordance with this Agreement for all such services performed or furnished by ENGINEER and ENGINEER's Consultants through the completion of such phase will constitute total payment for such services. ENGINEER also will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses.

6.2.3.1.2 During any phase of the Basic Services, ENGINEER also will be paid for such services performed or furnished in accordance with this Agreement by ENGINEER during that phase through the date of termination on the basis specified in Exhibit B. ENGINEER also will be paid for the charges of ENGINEER's Consultants employed to perform or furnish Basic Services to the extent such services have been performed or furnished in accordance with this Agreement through the effective date of termination. ENGINEER also will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses.

6.2.3.2 *Termination by OWNER for Convenience.* In the event of termination OWNER under paragraph 8.1.2:

6.2.3.2.1 Upon the completion of any phase of Basic Services, progress payments due ENGINEER in accordance with this Agreement for all such services performed or furnished by ENGINEER and ENGINEER's Consultants through the completion of such phase will constitute total payment for such services. ENGINEER also will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses, and for termination expenses under subparagraph 6.2.3.2.3 below.

6.2.3.2.2 During any phase of Basic Services, ENGINEER also will be paid for such services performed or furnished by ENGINEER during that phase through the date of termination on the basis specified in Exhibit B. In addition, ENGINEER will be paid for the charges of ENGINEER's Consultants employed to perform or furnish Basic Services through the effective date of the termination. ENGINEER also will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses, and for termination expenses under subparagraph 6.2.3.2.3 below.

6.2.3.2.3 In the event of termination by OWNER for convenience during or at completion of any phase of Basic Services, OWNER shall pay ENGINEER's reasonable expenses directly attributable to termination. Termination expenses shall be determined using the actual hours of direct labor incurred times the rates applicable to the various categories of Additional Services as given in Exhibit B plus any costs of terminating contracts with ENGINEER's Consultants.

6.2.3.3 *Termination by ENGINEER for Cause.* In the event of termination by ENGINEER for cause under paragraph 8.1.1, ENGINEER shall be entitled to receive compensation calculated as set forth in paragraph 6.2.3.2.

6.2.4 Records of ENGINEER's Costs. Records of ENGINEER's costs pertinent to ENGINEER's compensation under this Agreement will be kept in accordance with generally accepted accounting practices. Copies will be made available to OWNER at cost on request prior to final payment for ENGINEER's services.

SECTION 7 – OPINIONS OF COST

7.1 Opinions of Probable Construction Cost

ENGINEER's opinions of probable Construction Cost provided for herein are to be made on the basis of ENGINEER's experience and qualifications and represent ENGINEER's best judgement as an experienced and qualified professional engineer generally familiar with the construction industry. However, since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, ENGINEER cannot and does not guarantee that proposals, bids or actual Construction Cost will not vary from opinions of probable Construction Costs prepared by ENGINEER. If OWNER wishes greater assurance as to probable Construction Cost, OWNER shall employ an independent cost estimator as provided in paragraph 4.9.1.

7.2 Designing to Construction Cost Limit. (Not used)

7.3 Opinions of Total Project Cost

ENGINEER assumes no responsibility for the accuracy of opinions of Total Project Costs provided for in Section 2.

SECTION 8 – GENERAL CONDITIONS

8.1 Terminations.

The obligation to provide further services under the Agreement may be terminated.

8.1.1 *For cause,*

8.1.1.1 by either party upon thirty days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than thirty days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such thirty day period, and if such party has diligently attempted to cure the same, then the cure period provided from herein shall extend up to, but in no case more than, sixty days after the date of receipt of the notice.

8.1.1.2 by ENGINEER:

8.1.1.2.1 *upon seven days' written notice if* ENGINEER *believes that* ENGINEER is being requested by OWNER to furnish or perform services contrary to ENGINEER's responsibilities as a licensed design professional; or

8.1.1.2.2. upon seven days' written notice if the ENGINEER's services for design or during the construction of the Project are delayed or suspended for more than ninety days for reasons beyond ENGINEER's control.

8.1.1.2.3 in the case of termination under this paragraph 8.1.1.2, ENGINEER shall have no liability to OWNER on account of such termination.

8.1.2 *For convenience*, by OWNER effective upon the receipt of notice by ENGINEER.

8.2 Reuse of Documents

All documents including Drawings, Specifications and digital files provided or furnished by ENGINEER (or ENGINEER's Consultants) pursuant to this Agreement are instruments of service *in respect of the Project. The OWNER shall retain the ownership and property interest therein,* whether or not the Project is completed. Said documents are not intended to be suitable for reuse by OWNER or others on extensions of the Project or on any other Project. Any such reuse without written verification or adaptation by ENGINEER and ENGINEER's Consultants, as appropriate, for the specific purpose intended will be at OWNER's sole risk and without liability or legal exposure to ENGINEER, or to ENGINEER's Consultants, and OWNER shall indemnify and hold harmless ENGINEER and ENGINEER's Consultants from all claims, damages, losses and expenses including attorney's fees arising out of or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

8.3 Insurance.

8.3.1 ENGINEER shall procure and maintain insurance as set forth in Exhibit F, "Insurance", for protection from claims under workers' compensation acts, claims for damages because of bodily injury including personal injury, sickness or disease or death of any and all employees or of any person other than such employees, and from claims or damages because of injury to or destruction of property including loss of use resulting therefrom. ENGINEER shall list OWNER as an additional insured on ENGINEER's general liability insurance policy.

8.3.2 OWNER shall list ENGINEER and ENGINEER's Consultants as additional insureds on any general liability or property insurance policies carried by OWNER which are applicable to the Project. OWNER shall required Contractor to purchase and maintain general liability and other insurance as specified in the Contract Documents and to list ENGINEER and ENGINEER's Consultants as additional insureds with respect to such liability, property and other insurance purchased and maintained by Contractor. All policies of property insurance shall contain provisions to the effect that ENGINEER's and ENGINEER's Consultants' interests are covered and that in the event of payment of any loss of damage the insurers will have no rights of recovery against any of the insured or additional insureds thereunder.

8.3.3 At any time OWNER may request that ENGINEER, at OWNER's sole expense, provide additional insurance coverage, different limits or revised deductibles in excess of those specified in Exhibit F. If so requested by OWNER, and if commercially available, ENGINEER shall obtain and shall required ENGINEER's Consultants to obtain such additional insurance coverage, difference limits or revised deductibles, for such periods of time as requested by OWNER, at OWNER'S sole expense, and Exhibit F will be supplemented to incorporate these requirements.

8.4 Controlling Law.

This Agreement is to be governed by the law of the principal place of business of OWNER.

8.5 Successors and Assigns.

8.5.1 OWNER and ENGINEER each is hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and ENGINEER (and to the extent permitted by paragraph 8.5.2 the assigns of OWNER and ENGINEER) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

8.5.2 Neither OWNER nor ENGINEER may assign, sublet or transfer any rights under or interest (including, but without limitation, moneys that may become due or moneys that are due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

8.5.3 Unless expressly provided otherwise in this Agreement:

8.5.3.1 Nothing in this Agreement shall be constructed to create, impose or give rise to any duty owed by ENGINEER to any Contractor, Subcontractor, Supplier, other person or entity, or to any surety for or employee of any of them, or give any rights in or benefits under this Agreement to anyone other than OWNER and ENGINEER.

8.5.3.2 All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of OWNER and ENGINEER and not for the benefit of any other party. The OWNER agrees that the substance of the provisions of this paragraph shall appear in the Contract Documents.

8.6 Dispute Resolution (Not used)

8.7 Allocation of Risks-Indemnification.

8.7.1 To the fullest extent permitted by law, ENGINEER shall indemnify and hold harmless OWNER, OWNER's officers, commissioners, partners, employees and agents from and against any and all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts of omissions of ENGINEER or ENGINEER's officers, directors, partners, employees, agents and ENGINEER's Consultants in the performance and furnishing of ENGINEER's services under this Agreement.

8.72 To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, ENGINEER's officers, directors, partners, employees and agents and ENGINEER's Consultants from and against any and all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused solely by the negligent acts or omission of OWNER or OWNER's officers, commissioners, partners, employees, agents and OWNER's consultants with respect to this Agreement or the Project.

8.73 In addition to the indemnity provided under paragraph 8.7.2 of this Agreement, and to the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER and its officers, directors, partners, employees and agents and ENGINEER's Consultants from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court and arbitration or other dispute resolution costs) caused by, arising out of or relating to the presence, discharge, release, or escape of Asbestos, PCBs, Petroleum, Hazardous Waste, or Radioactive Material at, on, under or from the Project site.

8.8 Notices.

Any notice required under this Agreement will be in writing, addressed to the appropriate party at the address which appears on the signature page to this Agreement (as modified in writing from time to time by such party) and given personally, by registered or certified mail, return receipt

requested, by facsimile, or by a nationally recognized overnight course service. All notices shall be effective upon the date of receipt.

8.9 Survival.

All express representations, indemnifications or limitations of liability made in or given in this Agreement will survive the completion of all services of ENGINEER under this Agreement or the termination of this Agreement for any reason.

8.10 Severability.

Any provisions or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and ENGINEER, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provisions.

SECTION 9 – EXHIBITS AND SPECIAL PROVISIONS

9.1 This Agreement is subject to the provisions of the following Exhibits which are attached to and made a part of the Agreement:

9.1.1 Exhibit A, "Further Description of Basic Engineering Services and Related Matters", consisting of two pages.

9.1.2 Exhibit B, "Payments to Engineer for Services and Reimbursable Expenses", consisting of two pages.

9.1.3 Exhibit C, (Not used)

9.1.4 Exhibit D, "Notice of Acceptability of Work", consisting of two pages.

9.1.5 Exhibit E, (Not used).

9.1.6 Exhibit F, (Not used).

9.1.7 Exhibit G, (Not used).

9.1.8 Exhibit H, (Not used).

9.1.9 Exhibit I, "Special Provisions", consisting of three pages.

9.2 This Agreement constitutes the entire agreement between OWNER and ENGINEER and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified or cancelled by a duly executed written instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the dated first above write.

OWNER: CITY OF PICAYUNE, MISSISSIPPI	**ENGINEER: ALLEN & HOSHALL**
By:_____	By:_____
Title:_____	Title:_____
Address for giving notices: 203 Goodyear Boulevard Picayune, MS 39466	Address for giving notices: 4270 I 55 North, Suite 103 Jackson, MS 39211

EXHIBIT A

This is **Exhibit A**, consisting of two pages, referred to in **the Agreement between OWNER and ENGINEER, for**

Professional Services, dated_____, 200__

Initial:

OWNER_____

ENGINEER_____

Further Description of Basic Engineering Services and Related Matters

Sections 2, 3, 4 and 5 of the Agreement are amended and supplemented and the time periods for the performance of the Basic Services as indicated in Section 5 of the Agreement are established, all as indicated below:

Section A2 – BASIC SERVICES OF ENGINEER

A2.0 General

A2.0.1 The Basic Services are premised on the ENGINEER providing the customary civil, structural, mechanical and electrical professional engineering services and the customary professional architectural services necessary to construct the following facilities:

Connecting taxiway between existing apron and new apron

A2.0.2 Section 2, "Basic Services of ENGINEER", is hereby amended or supplemented to provide that the following services will be performed or furnished by ENGINEER as part of Basic Services in the phase(s) identified below:

No amendments.

A2.1 Study and Report Phase

A2.1.4 No alternate solutions will be evaluated or previous reports and studies will be modified.

A2.1.8 No reports are required in this project.

A2.2 Preliminary Design Phase

A2.2.0 No Preliminary Design Phase documents are required.

A2.3 Final Design Phase

A2.3.0 During the Final Design Phase ENGINEER shall prepare Construction Documents based on the approved Preliminary Design Phase documents and on the updated budget of Total Project Cost. The Construction Documents shall set forth in detail the requirements for construction of the Project. The Construction Documents shall include Drawings and Specifications that establish in detail the quality level of materials and systems required for the Project.

A2.3.6.1 Five (5) hard copy sets of Contract Documents will be submitted to OWNER for OWNER and review agency use.

A2.3.6.2 Upon receipt of written authorization from OWNER to ENGINEER to proceed with the Final Design Phase services, the Contract Documents will be submitted to OWNER within the following number of calendar days: 30

A2.5 Construction Phase

A2.5.2 Allen & Hoshall will not provide Resident Project Representative Services for the project. These services shall be provided by the OWNER.

EXHIBIT B

This is **Exhibit B**, consisting of two pages, referred to in the **Agreement between OWNER and ENGINEER for**

Professional Services, dated_____, 200_____.

OWNER_____

ENGINEER_____

Payments to ENGINEER for Services and Reimbursable Expenses

Section 6 of the Agreement is amended and supplemented to include the following agreement of the parties:

Lump Sum Method of Payment
(with additional payments on an Hourly Rate basis for "Additional Services of Engineer" and additional payments for Reimbursable Expenses)

SECTION B6 – PAYMENTS TO ENGINEER

B6.1 Methods of Payment for Services and Expenses of ENGINEER.

B6.1.1 *For Basic Services.* OWNER shall pay ENGINEER for Basic Services as follows:

B6.1.1.1 *General.* For all services of ENGINEER performed or furnished under paragraphs 2.1, 2.2, 2.3 and 2.4, including services of ENGINEER's Consultants, the OWNER shall pay the following lump sum fees:

$5,000.00

B6.1.1.2 *Construction Phase Services.* For all services of ENGINEER, performed or furnished under paragraph 2.5 the OWNER shall pay lump sum fees. The specific amounts of these fees and expenses are as follows:
$1,700.00

No Resident Project Representative Services are required in this project.

B61.1.3 *Operational Phase Services.* Method of payment for and amount of payment for services of ENGINEER performed or furnished under paragraph 2.6 to be provided by Amendment to the Agreement.

B6.1.2 *For Additional Services.* OWNER shall pay ENGINEER for Additional Services as follows:

B6.1.2.1 *General.* For services of ENGINEER's principals and employees engaged directly on the Project performed or furnished pursuant to paragraph 3.1 or 3.2 (except services as a consultant or witness under paragraph 3.1.17), an amount equal to the actual hours engaged on the Project times the appropriate hourly rate from the following table. These rates shall be adjusted from time to time as agreed to by all Parties.

Principal	$125.00/hour
Project Manager	$110.00/hour
Senior Architect/Engineer	$ 80.00/hour
Architect/Engineer	$ 65.00/hour
Technician	$ 50.00/hour
Surveyor (RLS)	$ 67.00/hour
Survey Crew	$110.00/hour
Clerical	$ 40.00/hour
RPR	$ 55.00/hour

B6.1.2.2 *ENGINEER's Consultants.* For services of ENGINEER's Consultants performed or furnished pursuant to paragraph 3.1 or 3.2, the amount billed to ENGINEER therefor times a factor of 110%.

B6.1.2.3 *Serving as a Witness.* For services performed by ENGINEER's principals and employees as consultants or witnesses in any litigation, arbitration or other legal or administrative proceeding under paragraph 3.1.17, at the rate of $ 150.00 per day or any portion thereof (but compensation for time spent in preparing to appear in any such litigation, arbitration or proceeding will be on the basis provided in paragraph B6.1.2.1). Compensation for ENGINEER's Consultants for such services will b eon the basis provided in paragraph B6.1.2.2.

B6.1.3. *For Reimbursable Expenses.* OWNER shall pay ENGINEER for Reimbursable Expenses such as:

B6.1.3.1 Reproduction of reports, drawings, specifications, and bidding documents in addition to those required to be delivered in OWNER under Section 2.

B6.1.3.3 Subsistence, lodging, travel and mileage of management and design personnel.

B6.1.3.4 Subsistence, lodging and mileage for Survey Crew.

B6.1.3.5 Subsistence, lodging and mileage for Resident Project Representative

B6.1.3.6 Providing and maintaining construction field office facilities including furnishings, office equipment, utilities and on-site telephone costs.

B6.1.3.7 Photography charges.

B6.1.3.8 Property Title Work charges.

The amount payable to ENGINEER for Reimbursable Expenses will be the charge actually incurred or the imputed cost allocated by ENGINEER therefor times a factor of 110%.

EXHIBIT D

This is **Exhibit D** consisting of two pages, referred to in the **Agreement between OWNER and ENGINEER for**

Professional Services, dated_____, 200____.

Initial:
OWNER_____

ENGINEER_____

NOTICE OF ACCEPTABILITY OF WORK

PROJECT_____

OWNER_____

Owner's Contract No._____

CONTRACTOR_____

CONSTRUCTION CONTRACT DATE_____

ENGINEER_____

To_____
OWNER

And to_____
CONTRACTOR

The undersigned hereby gives notice to the above OWNER and CONTRACTOR that the completed Work furnished and performed by CONTRACTOR under the above Contract is acceptable expressly subject to the provisions of the above Contract and the terms and conditions set forth on the reverse side hereof.

_____
ENGINEER

Date:_____, 200_____

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice on the front side of this paper is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the Engineering profession practicing under similar conditions at the same time and in the same locality.
2. Said Notice reflects and is an expression of the professional judgement of ENGINEER.
3. Said Notice is given as to the best of ENGINEER's knowledge, information, and belief.
4. Said Notice is based entirely on and expressly limited by the scope of services ENGINEER has been employed by OWNER to perform or furnish during construction of the Project (including observation of the Work) under ENGINEER's Agreement with OWNER and under the Contract referenced on the reverse hereof, and applies only to facts that are within ENGINEER's knowledge or could reasonably have been ascertained by ENGINEER as a result of carrying out the responsibilities specifically

assigned to ENGINEER under ENGINEER's Agreement with OWNER and the Contract referenced on the reverse hereof.

5. Said Notice is not a guarantee or warranty of CONTRACTOR's performance under the above-referenced Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of CONTRACTOR to furnish and perform the Work thereunder in accordance with the Contract Documents.

EXHIBIT I

This is **Exhibit I**, consisting of three pages, referred to in the **Agreement between OWNER and ENGINEER for**

Professional Services, dated_____, 200____.

Initial:

OWNER_____

ENGINEER_____

Special Provisions

The Agreement is amended and supplemented to include the following agreement of the parties:

11.0 FAA Financial Assistance

A. OWNER and ENGINEER both understand that OWNER is applying for and expects to receive financial assistance from the FAA. All work performed by ENGINEER for OWNER will conform to and apply with all regulations, requirements, etc. of the FAA.

B. Any required provisions of FAA Advisory Circular 150/5100-14C not otherwise set forth in this Agreement are hereby incorporated by reference as if fully set forth herein.

12.0 Title VI Assurances

A. During the performance of this Agreement, ENGINEER, for itself, its assignees and successors in interest (hereinafter referred to as the "ENGINEER") agrees as follows:

1. Compliance with Regulations: The ENGINEER shall comply with the regulations relative to the nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, 'DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.
2. Nondiscrimination: The ENGINEER, with regard to the work performed by it during this Agreement, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The ENGINEER shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices where this Agreement covers a program set forth in Appendix B of the Regulations.
3. Solicitations for Subcontractors, Including Procurement of Materials and Equipment: In all solicitations, either by competitive bidding or negotiations, made by the ENGINEER of work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the ENGINER of the ENGINEER's obligations under this Agreement and the regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. Information and Reports: The ENGINEER shall provide all information and reports required by the regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Owner or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such regulations, order, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the ENGINEER shall so certify to the sponsor or the FAA,

as appropriate, and shall set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of the ENGINEER's noncompliance with the nondiscrimination provisions of this Agreement, the sponsor shall impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to,–
   (a) withholding of payments to the ENGINEER under the contract until the ENGINEER complies, and/or
   (b) cancellations, termination, or suspension of the contract, in whole or in part.

6. Incorporation of Provisions: The ENGINEER shall include the provisions of paragraph A. through E. in every subcontract, including procurement of materials and leases of equipment, unless exempt by the regulations or directives issued pursuant thereto. The ENGINEER shall take such action with respects to any subcontract or procurement as the sponsor of the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event ENGINEER becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the ENGINEER may request the sponsor to enter into such litigation to protect the interests of the sponsor and, in addition, the ENGINEER may request the United States to enter into such litigation to protect the interests of the United States.

13.0 Disadvantaged Business Enterprises (DBE) Assurances

A. Policy. It is the policy of the Department of Transportation (DOT) that Disadvantaged Business Enterprises, as defined in 49 CFR Part 23, shall have the maximum opportunity to participate in the performance of contracts financed in while or in part with the Federal funds under this Agreement. Consequently, the DBE requirements of 49 CFR, Part 23 apply to this Agreement.

B. DBE obligation. The ENGINEER agrees to ensure that Disadvantage Business Enterprises, as defined in 49 CFR, Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under this Agreement. In this regard, the ENGINEER shall take all necessary and reasonable steps in accordance with 49 CFR, Part 23 to ensure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform contracts. ENGINEER shall not discriminate on the basis of race, color, national origin or sex in the award and performance of DOT assisted contracts.

C. The ENGINEER or subcontractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The ENGINEER shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of FAA assisted contracts. Failure by the ENGINEER to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the OWNER deems appropriate.

D. DBE Obligation. The recipient or its ENGINEER agrees to ensure that Disadvantaged Business Enterprises as defined in 49 CFR, Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts, finances in whole or in part with Federal funds provided under this agreement. In this regard, ENGINEER shall take all necessary and reasonable steps in accordance with 49 CFR, Part 26 to ensure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform contracts. ENGINEER shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of FAA assisted contracts.

E. All bidders, potential contractors, or subcontractors for this FAA assisted contract are hereby notified that failure to carry out the FAA policy and the DBE obligations, as set forth above, shall constitute a breach of contract which may result in termination of the contract or such other remedy as deemed appropriate by the recipient and the FAA.

14.0 Disadvantaged Business Enterprises (DBE) Goal

The ENGINEER shall endeavor to meet or exceed the goal of participation by approved DBE's during the execution of this contract. Further, ENGINEER will cooperate with OWNER in complying with OWNER's Disadvantage Business Enterprise Plan and assist with the report requirements of OWNER with regard to all construction contracts.

15.0 Access to Records

ENGINEER hereby agrees that the City of Picayune, the Federal Aviation Administration, the Controller General of the United States, or any of the duly authorized representatives of said agencies shall have access to any and all books, documents, papers, and records of ENGINEER which are directly pertinent to all projects being performed by ENGINEER for City of Picayune, for the purpose of making audits, examination, excerpts and transcriptions. These records shall be maintained by ENGINEER for a period of three (3) years after the City of Picayune makes the final payment and all pending matters are closed on this project.

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO AUTHORIZE ADVERTISEMENT FOR BIDS FOR FAA FY2001 AIRPORT PROJECT

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Purchasing Agent to advertise for bids for construction of the hangar access taxiway and installment of a non-directional beacon, the FAA FY2001 Airport Project, as designed by the engineering firm. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

CONSIDER RESOLUTION REQUESTING THE MISSISSIPPI DEVELOPMENT AUTHORITY TO ISSUE A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE INDUSTRIAL DEVELOPMENT OF THE CITY OF PICAYUNE AND APPROVING BOND PLACEMENT LETTER AND MEMORANDUM OF AGREEMENT

The Mayor and Council took up the matter of issuance of Industrial Development Revenue Bonds of the City of Picayune, Mississippi, in the principal amount not to exceed Five Million Dollars ($5,000,000). After a discussion of the subject, Councilmember Roberson offered and moved the adoption of the following resolution:

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PICAYUNE, MISSISSIPPI, REQUESTING THE MISSISSIPPI DEVELOPMENT AUTHORITY TO ISSUE A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE INDUSTRIAL DEVELOPMENT OF SAID CITY AND APPROVING BOND PLACEMENT LETTER AND MEMORANDUM OF AGREEMENT.

WHEREAS, the Mayor and City Council of the City of Picayune, Mississippi (the "Governing Body"), acting for and on behalf of the City of Picayune, Mississippi (the "Issuer"), does hereby find, determine and adjudicate as follows:

1. The present and future general welfare of the Issuer requires that the Issuer enter upon a program of industrial development as provided by Title 57, Chapter 3, Mississippi Code of 1972 (the "Act");

2. The Issuer and Magnolia Air, LLC, a Mississippi limited liability

company (the "Company"), intend to enter into a Memorandum of Agreement (the "Agreement"), providing for the issuance of industrial development revenue bonds of the Issuer in the principal amount not to exceed Five Million Dollars ($5,000,000.00) (the "Bonds"), to provide funds to defray the cost of acquiring an industrial enterprise consisting of a building and equipment (which constitutes the "Project") for the maintenance and re-manufacturing of aircraft and other permissible products under the Act which will be leased to the Company;

3. The general welfare requires that the Issuer enter into the Project which is deemed essential for the economic development and advancement of the Issuer;

4. Duncan-Williams, Inc. Memphis, Tennessee (the "Purchaser"), has tendered a Bond Placement Letter to the Issuer offering to submit a bid for the Bonds;

5. The Issuer desires to obtain a Certificate of Public Convenience and Necessity from the Executive Director (the "Executive Director") of the Mississippi Development Authority (the "Authority") authorizing it to exercise the power set for in the Act; and

6. Because of the particular nature of the Project, it would be in the best interest of the Issuer to negotiate the contract or contracts for the acquisition, construction and erection of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE ISSUER, AS FOLLOWS:

SECTION 1. That the Issuer hereby requests the Authority to issue a Certificate of Public Convenience and Necessity (the "Certificate") (I) approving the finding of the Issuer set forth in Paragraph 6 hereinabove and (ii) authorizing the Issuer as follows: (a) To enter upon an enterprise consisting of the acquisition and leasing of the Project, and in order to do so, to adopt and publish a resolution declaring its intention to issue the Bonds as authorized by the Act (or in the event such is required, to call and hold the election as provided in the Act), and to issue the Bonds, such Bonds to be issued in one or more series or separate bond issues, to provide funds for the Project; (b) To acquire and own the Project, and to let, to lease, to rent, to sell, or to convey the Project in compliance with the provisions of the Act and under the terms of a contract (the "Contract") as may be entered into by Issuer with the Company providing therefor to be submitted to and approved by the Authority; and (c) to expend, in order to acquire, construct and install the Project, such of the proceeds of the Bonds as may be required in order to perform such obligations as may be undertaken by the Issuer in the Contract.

SECTION 2. That the Authority be requested to make such investigation as it may deem necessary, including a study of the natural resources and labor supply available to the Project, to determine the advisability of the issuance of said Certificate for the industrial development of the Issuer.

SECTION 3. That the Clerk of the Governing Body is hereby authorized and empowered to forward a certified copy of this resolution to the Authority as the application of the issuer for the issuance to the Issuer of said Certificate for such industrial development as may be justified under the provisions of the Act and under the facts as determined by the Authority.

SECTION 4. That said application shall be accompanied by certificates as may be required under the provisions of the Act, showing (a) that a sufficient supply of natural resources is readily and economically available and (b) that an adequate labor supply is available, and the Mayor and City Council and the Clerk of the Issuer are hereby authorized to execute the following certificate setting forth said facts:

CERTIFICATE

Executive Director
Mississippi Development Authority
Jackson, MS 39205

Gentlemen:

This is to certify that there is a sufficient supply of natural resources readily and economically available within the City of Picayune, Mississippi, to operate for a period of at least thirty (30) years, the proposed type of industrial enterprise for which application is being made as of this date to the Mississippi Development Authority for the issuance of its Certificate of Public Convenience and Necessity.

WITNESS OUR SIGNATURES and the seal of the Mayor and City Clerk of the City of Picayune, Mississippi, on this the_____day of _____, 2001.

/s Woody Spiers
Woody Spiers, Mayor
City of Picayune, Mississippi

/s Sabrina Diamond
Sabrina Diamond
City Clerk
City of Picayune, Mississippi

CERTIFICATE

Executive Director
Mississippi Development Authority
Jackson, Mississippi 39205

Gentlemen:

This is to certify that there is an available supply of persons between the ages of eighteen and fifty available and willing to work in the proposed type of industrial enterprise to be located in the City of Picayune, Mississippi, for which application is being made as of this date to the Mississippi Development Authority for the issuance of its Certificate of Public Convenience and Necessity.

Said available labor supply is sufficient to furnish at least one and one-half workers between the ages of eighteen and fifty for each operative job in said enterprises within an area twenty-five miles from the proposed location.

WITNESS OUR SIGNATURES and the seal of the Mayor and City Clerk of the City of Picayune, Mississippi on this the_____day of_____, 2001.

/s Woody Spiers
Woody Spiers, Mayor
City of Picayune, Mississippi

/s Sabrina Diamond
Sabrina Diamond, City Clerk
City of Picayune, Mississippi

SECTION 5. That upon receipt thereof, the Certificate shall be spread upon the minutes of the Issuer.

SECTION 6. That the Agreement be and the same is hereby approved and the Mayor and Clerk of the Issuer be and they are hereby authorized and directed to execute the Agreement for and on behalf of the Issuer. The Agreement shall be in substantially the following form, with such completions, changes and modifications as shall be approved by the Governing Body or the officers of the Issuer executing and delivering the same:

February 6, 2001

Re: City of Picayune, Mississippi Industrial Development Revenue Bonds (Magnolia Air, LLC Project)

Gentlemen:

We understand that the City of Picayune, Mississippi, proposes to proceed with an application to the Mississippi Development Authority for a Certificate of Public Convenience and Necessity authorizing the issuance of said City of $5,000,000, the proceeds of which will be used to acquire an industrial project which will thereafter be leased to Magnolia Air, LLC, a Mississippi limited liability company (the "Lessee") or its designee.

Payment of principal, premium, if any, and interest on bonds will be unconditionally guaranteed by Magnolia Air, LLC, a Mississippi limited liability (the "Guarantor").

It is our intention to tender to you a bond purchase agreement covering such bonds at such time as we may be requested to do so by the Lessee. Such agreement shall set forth the terms and conditions to conform to the requirements of Sections 57-3-1 through 57-3-33, inclusive, of the Mississippi Code of 1972.

We understand that this letter will be submitted to the Mississippi Development Authority with the application for the above referenced Certificate of Public Convenience and Necessity.

Duncan-Williams, Inc.

Very truly yours,

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT made and entered into by and between the Mayor and City Council of the City of Picayune, Mississippi (the "Issuer") and Magnolia Air I, LLC, a limited liability company organized and existing under the laws of the State of Mississippi, (the "Company");

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the provisions of Title 57, Chapter 3 of the Mississippi Code of 1972 (the "Act") to issue revenue bonds for the purpose of

providing funds to pay all or any part of the cost of any project (as defined in the Act) and the lease of such project to others, and proposed to acquire an industrial enterprise consisting of a building and equipment (which constitutes the "Project"), which Project is located within the Issuer, for the maintenance and re-manufacturing of aircraft and other permissible projects under the Act and to lease the Project to the Company or to its designee; and

WHEREAS, the Company wishes to obtain satisfactory assurance from the Issuer that the Issuer will issue the bonds and that the proceeds of the sale of said bonds of the Issuer will be made available to finance the costs of the Project; and

WHEREAS, the Issuer has indicated its willingness to proceed with such financing as an inducement to the company to locate the Project as aforesaid and the Issuer had advised the Company that, subject to due compliance with all requirements of law, the Issuer, by virtue of such statutory authority as may now or hereafter be conferred by the Act, will issue and sell its industrial development revenue bonds in the principal amount not to exceed Five Million Dollars ($5,000,000.00) (the "Bonds") to defray the costs of acquiring the Project.

NOW, THEREFORE, the Issuer and the Company agree as follows:

1. Undertakings of the Issuer. Subject to the conditions above stated, the Issuer agrees as follows:

(a) That it will obtain a Certificate of Public Convenience and Necessity (the "Certificate") from the Executive Director of the Mississippi Development Authority (the "Executive Director"), as required by the Act, authorizing the Issuer to acquire, own and lease the Project.

(b) That it will acquire the Project and lease it to the Company or its designee under a Lease Agreement (the "Lease") and the aggregate basic rents payable under the Lease shall be such sums as shall be sufficient to pay the principal of, interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable.

(c) That it will authorize the issuance and sale of the Bonds pursuant to the terms of the Act on such terms and conditions as shall be mutually agreeable to the parties hereto and to the purchaser of the Bonds.

(d) That it will authorize the execution of a Trust Indenture or other instrument securing bonds (the "Indenture") providing security for the Bonds, which Indenture shall be entered into by the Issuer and a banking institution having trust powers and which is mutually acceptable to the Company and the Issuer.

(e) That it will obtain the Executive Director's approval of the Lease and authority to issue the Bonds pursuant to the Certificate in the principal amount as aforesaid to obtain funds for the acquisition of the Project under the provisions of the Act.

(f) That it will within a reasonable time after the adoption of all proceedings of the Issuer required by the Act submit the same for validation under the provisions of Title 31, Chapter 13, Mississippi Code of 1972, and will prosecute said validation proceedings and secure therein a final decree of the Chancery Court of the Pearl River County, Mississippi validating the Bonds.

(g) That it will employ legal counsel of its choice in connection with the issuance of the Bonds, will cooperate with nationally recognized bond counsel (selected by the Company and the purchaser purchasing the Bonds and approved by the Issuer) in the preparation of all documents and proceedings relating to the issuance of the Bonds and will submit to said bond counsel a complete certified transcript of said proceedings had and done by the Issuer in connection with the issuance and delivery of the Bonds, including the validation thereof, in order that said bond counsel may render and deliver to the purchaser, to the Company and to the Issuer an opinion of said bond counsel that the Bonds have been legally authorized and that the Bonds when issued in accordance with the provisions of the Indenture will constitute valid and legally binding obligations of the Issuer in accordance with their terms and the terms of the Indenture.

(2) Undertakings of the Company. Subject to the conditions above stated, the Company agrees as follows:

(a) That the Company or its designee will use all reasonable efforts to find one or more purchasers for the Bonds.

(b) That the Company or its designee will acquire a leasehold interest in certain real property and proceed with acquisition and installation of the Project and, that the Company or its designee will convey it's interest in the Project to the Issuer as provided in the Lease.

(c) That the Company or its designee will enter into the Lease with the Issuer under the terms of which the Company or its designee will obligate itself to lease the Project from the Issuer and to pay to the Issuer sums sufficient in the aggregate to pay the principal of, interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable.

(d) That the Company or its designee will enter into a guaranty agreement (the "Guaranty") guaranteeing payment of the principal of, premium, if any, and interest on the Bonds.

(3) Limited Obligation. The Bonds shall be limited obligations of the Issuer and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State of Mississippi, and shall never constitute nor give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers, nor shall the Issuer be obligated to pay the Bonds except from such rentals and other revenues derived from the Project.

(4) Approval of Instruments. The Company's obligations hereunder (except for those set forth in paragraph 5 hereof) are subject to the Company's right to approve the form and terms of the Lease, the Indenture, the Guaranty and all other agreements, instruments and documents connected with the transaction contemplated hereby.

(5) Termination. If the Bonds are not issued and delivered on or before two years from the date hereof (or such other date as shall be mutually agreed upon in writing by the Issuer and the Company), the Company agrees that it will reimburse the Issuer and the bond counsel for all reasonable costs relating to the Project, including reasonable fees for legal services of counsel for the Issuer and bond counsel and costs relating to the issuance of the Bonds and costs incidental thereto, theretofore incurred by or on behalf of the Issuer or the Company, and this Agreement shall thereupon terminate. It is expressly understood that the Company shall have the sole responsibility and liability for all said costs, and that the Issuer has no authority to pay such costs except from the proceeds of the Bonds.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their officers thereunto duly authorized as of this the____day of _____, 2001.

CITY OF PICAYUNE, MISSISSIPPI

BY:

_____
MAYOR

ATTEST:

_____
CITY CLERK

(SEAL)

MAGNOLIA AIR, LLC

BY:

_____
TITLE

ATTEST:
BY:_____
TITLE

(SEAL)

Following the reading of the foregoing resolution, Councilmember Guy seconded the motion for its adoption. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter executive session to discuss a matter involving the location of a business and a personnel matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter involving the location of a business and a personnel matter.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember McQueen, seconded by Councilmember Roberson, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter involving the location of a business and a personnel matter and took no action.

ORDER TO RECESS

Motion was made by Councilmember McQueen, seconded by Councilmember Guy, to recess until February 20, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

Sabrina Diamond

Sabrina Diamond, City Clerk

February 20, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, February 20, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates, Mark Thorman, Leavern Guy, and Kelly McQueen, City Manager/City Clerk Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Leavern Guy, followed by the Pledge of Allegiance.

PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the minutes of the Mayor and City Council dated February 6, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORTS

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Budget Reports for January, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Privilege License Report for January, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED FEBRUARY 20, 2001

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Public Records Report for January, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the request of Crosby Memorial Hospital for the 2001 Multiple Sclerosis (MS) Walk to be held on March 31, 2001 from 9:00 a.m. until 12:00 noon. The walk will begin on Goodyear Boulevard in front of the Hospital, continue through the west side of town and end on Goodyear Boulevard. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the request of Crosby Memorial Hospital for the closure of Magnolia Street between Sixth Avenue and Goodyear Boulevard on May 5, 2001 from 8:00 a.m. until 2:00 p.m. for the Crosby Memorial Hospital Health and Safety Fair. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the request of the Mississippi Action for Progress, Inc., Picayune Complex Head Start Center, for a parade permit for a Mardi Gras Parade to be held on February 23, 2001 with the route as follows:

Begin at the Head Start Center on Rosa Street, east to the Southside Elementary School entrance on Rosa Street, through the Southside Elementary campus, exit campus west on Beech Street, north to Rosa Street and back to the Head Start Center

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR SEWER PUMPS

Upon request of the Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the Purchasing Agent to advertise for bids for the following sewer pumps: two 4" Gorman-Rupp pumps and one 3" Gorman-Rupp pump. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON TRENCHER FOR GAS DEPARTMENT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to accept the low bid of $45,629.33 from Ditch Witch of Mississippi for the trencher for the Gas Department. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER AMENDMENT TO BUFFER REQUIREMENTS IN THE ZONING ORDINANCE

The Zoning Administrator presented the following ordinance related to proposed changes in the buffer requirements contained in the current zoning ordinance:

ORDINANCE NO. 753

AN ORDINANCE AMENDING ORDINANCE NO. 489, SECTION 308 BUFFER SCREENS

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

Section 1. That Section 308, Buffer Screens, shall be amended as follows:

Section 308 – Buffer Screens

308.1 **General Intent**: It is the intent of this section to provide methods and techniques for the provision of buffers between certain land uses in order to:

(a) To ameliorate nuisances between adjacent land uses or between certain land uses and a public road.

(b) Eliminate or substantially reduce any dirt, litter, noise, glare, signs, parking areas or visual nuisances and/or other undesirable effects which a given use on a lot might have on an adjacent lot.

(c) Provide additional green space to commercial and industrial sites.

308.2 ***General Standards***:

(a) Location and width:

(1) Buffers shall be located on the outer perimeter of a lot or parcel extending to the lot or parcel boundary

line, or between differing land uses on a single parcel, but may not occupy any portion of an existing, dedicated or reserved public or private street or right-of-way.

(2) Buffer width is normally measured from the property line; however, design variations are allowed. Average width shall be measured at the two (2) end point of the buffer and two (2) additional points which are approximately one-third (1/3) of the total lineal distance from the end point.

(3) The buffer shall be designed to eliminate or minimize plantings within drainage, utility or other easements. Such design may necessitate widening the buffer with more land area to accommodate the easement(s).

(b) Landscape considerations:

(1) Landscaping shall be designed taking into consideration the site's soil conditions, topography, and natural resources.

(2) Native vegetation shall be used and preserved for landscaping and buffering wherever possible.

308.3 Uses and Requirements:

(a) Industrial Fence

A fence used in industrial districts and for industrial uses to:

(1) Protect children and/or pedestrians from the contents of the open yard use. Said fence shall be constructed of wire or any other materials which will provide a reasonable measure of protection to pedestrians from accidentally walking onto the property from a public right-of-way of adjacent private property as approved by the Planning Commission.

(2) Promote the protection of the open yard use from theft and/or vandalism.

(3) Solid fencing shall be required for the types of land uses listed below completely around the open yard.

a. Salvage yard-for sale or storage (i.e., overnight) of salvage parts.

b. Auto wrecking yard which stores wrecked or dismantled or salvaged parts.

c. Any business which stores any type of dismantled or salvaged parts.

(b) Buffer Fence

A fence used as part of the buffer screen.

(1) Fence to be placed along the property line.

(2) Fence may be constructed of wire with wooden slats, woo or vinyl.

308.4 Land Use Classification and Required Buffer Screens:

(a) Land Use Classification

Class I

A-1	General Agricultural District
R-1	Single Family Residential District
F-1	Floodplain District
OS-1	Recreational Space District

Class II

R-2	Two Family District
R-3	Multifamily Residential District
M-1	Mobile Home Park District

Class III

OP	Office Professional
C-1	Neighborhood Commercial District
C-2	Downtown Commercial District

Class IV

C-3	Highway Commercial District

Class V

I-1	Light Industrial District
I-2	Heavy Industrial District

(b) Table of Buffer Requirements: Requirements for buffers are based on the intensity of the proposed development or use, and the uses which are developed or designated on all properties.

A table of required buffers for each land use call use follows. Each adjacent land use (or designated Land use) is identified across the top. Where the row for the proposed use intersects the column for a specified adjacent use, the letter identifying the required buffer is given. The landscape requirements for each buffer type follow in subsection (d)

BUFFER REQUIREMENTS

Land Class Use	Adjacent Land Use and/or Zoning District I	II	III	IV	V
I	*	E	E	E	E
II	E	A	B	C	D
III	E	D	A	B	C
IV	E	D	C	A	B
V	V	D	C	C	A

*No Buffer Screen required

(c) The following procedures shall determine the type of buffer screen required for a proposed use:

(1) Identify the land use categories in which the proposed use and the existing uses on all adjacent properties are found by reference to Subsections 308.3a and 308.3b. Where an adjacent property has a lawful, nonconforming use of less intensity than the designated use, buffering shall be based on the designated use.

(2) If any properties adjacent to the proposed land use are vacant and undeveloped, identify the designated land use from the Official Zoning Map.

(3) Refer to the table above for the required buffer type (A through E) on each boundary or boundary segment of the proposed use. Each buffer is further described in the illustrative buffers, which follow.

(d) Landscape requirements under this Ordinance may be met by providing any one (a) of the buffer screens shown under specified type. The minimum amount of landscaping required in each buffer screen is indicated in the table of illustrative buffer screens below and expressed as requirements per one hundred (100) lineal feet of buffer screen length. The number in the "multiplier" column are used to adjust the number of plants required when the buffer width is either increased or decreased.

BUFFER TYPES

Type A

Required Plant per 100'	10' Buffer Width	7.5' Buffer Width	5' Buffer Width
1 TREES	.8	1	1.2
2 UNDERSTORY TREES	1.6	2	2.4
3 LARGE SHRUBS	2.4	3	3.6
4 EVERGREEN SHRUBS	2.4	3	3.6

Type B

Required Plant Per 100'	20' Buffer Width	15' Buffer Width	10' Buffer Width
2 TREES	1.6	2	2.4
4 UNDERSTORY TREES	3.2	4	4.8
6 LARGE SHRUBS	4.8	6	7.2
6 EVERGREEN SHRUBS	4.8	6	7.2

Type C

Required Plant Per 100'	25' Buffer Width	20' Buffer Width	15' Buffer Width
3 TREES	2.4	3	3.6
6 UNDERSTORY TREES	4.8	6	7.2
9 LARGE SHRUBS	7.2	9	10.8
9 EVERGREEN SHRUBS	7.2	9	10.8

TYPE D

Required Plant Per 100'	25' Buffer Width	20' Buffer Width	15' Buffer Width
2 TREES	1.6	2	2.4
4 UNDERSTORY	3.2	4	4.8
6 LARGE SHRUBS	4.8	6	7.2
6 EVERGREEN SHRUBS	4.8	6	7.2

Plus the addition of BERM and FENCE

TYPE E

Required Plant Per 100'	25' Buffer Width	20' Buffer Width	15' Buffer Width
3 TREES	2.4	3	3.6
6 UNDERSTORY TREES	4.8	6	7.2
9 LARGE SHRUBS	7.2	9	10.8
9 EVERGREEN SHRUBS	7.2	9	10.8

Plus the addition of BERM and FENCE

(e) Buffer Screens along Public Right-of-way: Buffer Screens along the Public right-of-way are required to enhance the appearance of the City, to maintain property values, and to reduce the visual impact of glare, headlights and parking lot lights from the public right-of-way.

(1) Buffer Screen requirement along the public right-of-way shall conform to the following:

a. Eight (8) feet in width minimum

b. Large shade trees at one (1) every fifty (50) lineal feet

c. Remainder of strip to be landscaped with shrubs (average mature height between three (3) feet and five (5) feet to form continuos screen.

308.5 **Approve Plant Materials List and Specifications**:

(a) Plant material shall be selected from the list provided by "Mississippi State University Extension Service Selecting Landscape Plants" Publication 666.

(b) All new and replacement buffer screen plantings shall be native and/or drought-resistant species.

(c) Plant materials shall be selected for their hardiness, resistance to drought, disease, and pests, availability, and ability to grow best given the natural site conditions shall be selected.

(d) Minimum size plants

(1) Large shade trees two (2) caliper (trees shall have a minimum cross-section diameter of two (2) inches in diameter measured three and one-half (3 ½) feet above trunk base)

(2) Medium understory trees (1") caliper and minimum six (6') in height

(3) Large shrubs or small trees (5) gallon containers

(4) Medium shrubs (3) gallon containers

(5) Small shrubs two (2) gallon containers

308.6 **Alternate Buffer Screens**:

In order to promote creativity and flexibility in design to ensure compatibility of land uses, the Planning Commission shall be authorized:

(1) To require the developer to use one of the larger buffer widths within a required buffer, rather than the minimum width where compatibility between the proposed use and adjacent existing use is an issue.

(2) To permit the substitution of a masonry wall in any situation where a fence is not adequate to insure the safety from a known hazard, such as, but not limited to, railroad tracks, arterial roads, or industrial plants; to guarantee adequate security; and to provide aesthetic screening from intense abutting development.

(3) To require more intensive buffering where a single family use has seven (7) or more residents through increased buffer screen widths, density of plantings, and/or provision of a fence wall or landscape berm.

(4) To substitute large shade trees for medium understory trees or vice versa where safety is impeded by strict interpretation of the Ordinance. For example, where an understory tree would obstruct the line of vision of a vehicle, impairing the driver's ability to maneuver the vehicle safely, a large shade tree could be substituted, if approved by the Planning Commission.

(5) To preserve trees and other plantings where existing native vegetation fulfills the intent of the Ordinance, or where replacement of the existing vegetation with required plantings would result in less of a buffer screen.

308.7 Maintenance of Fencing and Buffer Screens

(a) **Responsibility**: The maintenance and repair of a buffer screen and fence is the responsibility of the owner of the property on which it is placed. It must, at all times be maintained in good condition and repair by the owner of the property or his designee.

(b) **Requirements**:

(1) Maintenance shall consist of watering, mowing, removal of litter, weeds, dead plant materials and necessary pruning.

(2) Replacement plants shall be provided for any plants which die or are removed due to disease.

(3) Water supply shall be piped to each individual planting area by automatically timed irrigation system. Hose bibs are not acceptable.

(4) Natural watercourses within a buffer shall be maintained as free flowing and free of debris. Stream channels shall be maintained so as not to alter floodplains.

(b) **Failure to Maintain**: In event any property owner of a fence, buffer screen and/or open space fails to maintain them according to the standards of this Ordinance, the City of Picayune shall pursue enforcement of compliance with the foregoing provisions set forth and described in Section 1303 of Ordinance No. 489, Code of Ordinances of the City of Picayune.

308.7 Height of Buffer Screen/Fences

Unless otherwise required in this Ordinance, all buffer screens/fences shall be no less than six (6) feet tall nor be required to be more than twelve (12) feet tall as measured above the average finished grade. Section 308 notwithstanding, no screen/fence shall violate the vision clearance restrictions of Section 306 of this Ordinance.

308.8 Application of Requirements

Any proposed development shall include detailed fence, landscape and irrigation plans for the construction of all required fencing or buffer screening in accordance with Section 1103 REQUIRED INFORMATION: SITE PLAN.

Section 2. **Severability, Conflict and Effective Date.**

Should any section, clause, paragraph, provision or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective after 30 days from its passage and upon completion of the requirements specified in Section 21-13-11, Mississippi Code of 1972, as amended.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Thorman, seconded by Councilmember Bates, and voted upon as follows:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY; None

The motion having received the affirmative vote of the majority of the members present, the Mayor declared the motion carried and the ordinance passed, approved and adopted on this the 20th day of February, 2001.

_____

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

CONSIDER ESTABLISHMENT OF TAX ABATEMENT PROGRAM FOR THE DOWNTOWN BUSINESS DISTRICT AND HISTORIC DISTRICTS

The Zoning Administrator presented an ordinance establishing a tax abatement program for the Downtown Business District and Historic Districts within the City. Motion was made by Councilmember Thorman seconded by Councilmember Guy, to table any action on the proposed ordinance at this time. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENTS TO THE MUNICIPAL ELECTION COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to accept the resignations of Katherine Furr, Lucile Gillis and Robert McNatt from the Municipal Election Commission. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

APPOINTMENT TO MUNICIPAL ELECTION COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember McQueen to appoint Janice Young to fill an unexpired term on the Municipal Election Commission to expire August 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

APPOINTMENT TO MUNICIPAL ELECTION COMMISSION

Motion was made by Councilmember Bates, seconded by Councilmember Guy to appoint Edna Parker to fill an unexpired term on the Municipal Election Commission to expire August 2001. The following roll call vote was taken:

VOTING YEA: Councilmembers Bates and Guy

VOTING NAY: Mayor Spiers, Councilmembers Roberson, Thorman and McQueen

The motion did not carry.

RECESSED MEETING DATED FEBRUARY 20, 2001

APPOINTMENT TO MUNICIPAL ELECTION COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman to appoint Shirley Stough and Gladys Vaughn to fill unexpired term on the Municipal Election Commission to expire in August 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR PAVING PROJECT

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to authorize the Purchasing Agent to advertise for bids for the FY2001 Paving Project as follows:

STREET NAME	FROM	TO	TYPE OVERLAY
South Main	Rosa	Elizabeth	Chip Seal
South Main	Bruce	Rosa	1.5" Asphalt
South Main	Elizabeth	Goodyear Boulevard	1.5" Asphalt
Bruce	RR	Martin Luther King	1.5" Asphalt
Kingsway	CDBG project area		1.5" Asphalt
Fern	CDBG project area		1.5" Asphalt
Pinewood	CDBG project area		1.5" Asphalt
Camelia Cove	Lakewood	Cul-de-sac	1.5" Asphalt
Mitchell	South Haugh	Branch/culvert	1.5" Asphalt
Laura	Charlotte	Cul-de-sac	1.5" Asphalt
Fourth Avenue	North Juniper	Glenwood	1.5" Asphalt
Jarrell	Dead end	South Main	1.5" Asphalt
Weems	Davis	South Main	1.5" Asphalt
Millswood	Stemwood	Highway 43 North	1.5" Asphalt
McGeehee/Poplar	Vaughn	City limits	Chip Seal
Bender	South Beech	Sherd	1.5" Asphalt
South Blanks	Canal	Memorial	1.5" Asphalt
North Beech	Goodyear Boulevard	Curve	1.5" Asphalt
Merrydale	Martin Luther King	Cul-de-sac	1.5" Asphalt
Country Club	Cooper	Cul-de-sac	1.5" Asphalt
Cemetery Roads	Palestine Cemetery & Eighth Street Cemetery		1.5" Asphalt

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: Councilmember Guy

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Manager/City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Deerfield Seminars, Inc.	General	$ 160.00
Miss.Highway Patrol	General	$ 40.00
Miss.Highway Patrol	General	$ 40.00

Miss. Highway Patrol	General	$ 40.00
KanDuit Construction, Inc.	Airport	$144,319.00
Entex	Utility	$ 46,639.50
Prior Entergy	Utility	$557,407.70
Gulf South Pipeline Co., LP	Utility	$ 31,011.13
Williams Energy Services	Utility	$ 2,001.64
Jennifer Adams	Utility	$ 281.55
Miss. Assoc. of Professional Surveyors	Utility	$ 100.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF ADDENDUM TO INTERLOCAL AGREEMENT WITH HANCOCK COUNTY

Upon recommendation of the City Manager/City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the following addendum to the interlocal agreement with Hancock County related to collection of property taxes for the Picayune Municipal Separate School District for property located within Hancock County:

ADDENDUM TO INTERLOCAL AGREEMENT

WHEREAS, the City of Picayune, Mississippi, and Hancock County entered into an interlocal agreement relating to the collection of taxes dated November 21, 2000; and

WHEREAS, pursuant to said interlocal agreement the Hancock County Tax Collector shall assume the responsibility for the collection of all Municipal Separate School District taxes on real, personal and public utility properties, including motor vehicles; and

WHEREAS, said interlocal agreement has been approved by the Mississippi Attorney General's Office, subject to a clarification that "the agreement should make it clear that it applies only to that portion of the municipality (Picayune) which is located within Hancock County."

IT IS, THEREFORE, AGREED AS FOLLOWS:

1. The interlocal agreement executed by the City of Picayune, Mississippi, and Hancock County on November 21, 2000, is hereby amended by and through this addendum to clarify and state that said interlocal agreement shall apply only to that portion of the Municipal Separate School District located within Hancock County, Mississippi.
2. All other terms and conditions of the above referenced interlocal agreement shall remain in full force and effect to the extent not modified herein.

THIS ADDENDUM is entered into by the governing authorities of the City of Picayune and Hancock County on this the 20th day of February, 2001.

CITY OF PICAYUNE, MISSISSIPPI

BY: /s Woody Spiers
MAYOR

HANCOCK COUNTY, MISSISSIPPI

BY: /s R. Pullen
PRESIDENT OF THE BOARD OF SUPERVISORS

/s Jimmie Ladner
HANCOCK COUNTY TAX ASSESSOR/COLLECTOR

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 113 WEST SYCAMORE ROAD

A public hearing on property cleanup was held for property located at 113 West Sycamore Road and owned by Bobby Ray Wheat. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the City to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 927 PALESTINE ROAD

A public hearing on property cleanup was held for property located at 927 Palestine Road and owned by William Thigpen, Buster Strahan and College Investment. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER SUBMISSION OF GRANT APPLICATION WITH THE MISSISSIPPI DEVELOPMENT AUTHORITY

Motion was made by Councilmember Roberson, seconded by Councilmember Bates , to authorize the Mayor to sign a grant application with the Mississippi Development Authority for an economic development project at the Picayune Industrial Park. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and McQueen

VOTING NAY: None

ABSTAINED: Councilmember Guy

The motion was declared carried.

RECESSED MEETING DATED FEBRUARY 20, 2001

CONSIDER APPROVAL OF LAW ENFORCEMENT INTERLOCAL COOPERATION AGREEMENT

Upon recommendation of the Police Chief, motion was made by Councilmember Thorman, seconded by Councilmember Bates, to authorize the Mayor to sign the following interlocal agreement with the Pearl River County Sheriff's Office and the City of Poplarville:

PEARL RIVER COUNTY SHERIFFS OFFICE
PICAYUNE POLICE DEPARTMENT
POPLARVILLE POLICE DEPARTMENT

INTERLOCAL COOPERATIVE AGREEMENT

This Agreement is made between the BOARD OF SUPERVISORS OF PEARL RIVER COUNTY, PEARL RIVER COUNTY SHERIFF'S DEPARTMENT, CITY OF PICAYUNE, MISSISSIPPI, and the CITY OF POPLARVILLE, MISSISSIPPI.

I.

PURPOSE: 1. The purpose of this Agreement is to establish a procedure for the joint, coordinated effort of law enforcement agencies within Pearl River County to provide the maximum effectiveness and efficiency in the discovery, preservation, documentation and collection of evidence regarding criminal violations committed against the State of Mississippi and to provide these services for the least cost to the taxpayers; and

2. to establish a procedure for the joint, coordinated effort of all law enforcement agencies within Pearl River County to enforce more effectively and efficiently the criminal laws of the State of Mississippi, particularly as they apply to extra-hazardous, life-lessen the loss of life and preserve public health, safety and welfare and to provide these services for the least cost to the taxpayers; and

3. to establish a procedure for the joint, coordinated effort of all law enforcement agencies within Pearl River County to enforce more effectively and efficiently the Controlled Substance Laws of the State of Mississippi.

II.

STATUTORY ATUHORITY: The County of Pearl River, the City of Picayune, and the City of Poplarville are authorized to enter into this Agreement by Sections 10-25-13 and 21-21-3, respectively, and Section 17-13-1, et seq. of the Mississippi Code of 1972 as annotated and amended.

III.

DURATION: This Agreement shall be effective from and after adoption by (and being placed upon the Minutes of) the governing authorities of this Agreement and upon final approval by the Attorney General as required by Mississippi Code Section 17-13-1, et seq, and shall remain in full force and effect until terminated by parties hereto as hereinafter provided.

IV.

MANNER OF TERMINATION: This Agreement may be terminated at any time by either City or the County by the adoption of an appropriate Order by the governing authority of that City or County. In such event, this Agreement shall be of no further force and effect from the effective date of said Order.

V.

There is hereby established a joint, coordinated effort to enforce the criminal laws of the State of Mississippi regarding the discovery, preservation, documentation and collection of evidence in major crimes; and for the above referenced emergency situations and special circumstances *requiring a multi jurisdictional tactical enforcement divisions; and a narcotics* division for the enforcement of controlled substance laws, to adequately protect the public health, safety and welfare from such dangers at the least cost to the taxpayers in Pearl River County. For purposes of implementing this joint effort, the parties hereto choose not to establish any separate

legal entity, and no provision of this Agreement shall be so construed. Rather, the parties hereto choose to utilize the personnel of the County and Cities. The County and Cities further agree to make certain financial commitments other than personnel to the joint effort which are set forth herein. For the purposes of this Agreement, the personnel associated with the investigation of crime scenes and evidence thereof shall be referred to as the **Pearl River County Major Crime Task Force; Crime Scene Investigation Division**. The personnel associated with the extra-hazardous enforcement shall be referred to as the **Pearl River County Major Crime Task Force; Tactical Division**. The personnel associated with the enforcement of controlled substance laws shall be referred to as the **Pearl River County Major Crime Task Force; Narcotics Division**.

The DIVISIONS shall be organized and operated under the direction and supervision of the Pearl River County Sheriff and the Chiefs of Police of Picayune and Poplarville. These individuals will constitute a Board of Directors for the **Pearl River County Major Crime Task Force** and shall meet as often as deemed necessary. Each Division will be headed by a Unit Commander, who will be selected from among the officers assigned to the Unit. The Unit Commanders shall be selected by the Board of Directors and shall be responsible for all administrative duties of his/her Division.

As to the powers and authority, the **Pearl River County Major Crime Task Force** shall have only that power and authority granted county or city by statute, particularly those set forth in this Agreement, and shall have no power or authority except that which may be granted the county or city in the enforcement of criminal laws, specifically regarding major crime scene investigation, tactical response, and controlled substances.

VI.

ASSIGNMENT OF OFFICERS BY GOVERNMENTAL ENTITY: The appropriate Governmental agency shall assign officers to the **Pearl River County Major Crime Task Force**. When so assigned, such officers or employees shall be under the direction, control and supervision of the Unit Commander of their respective division while operating in that capacity. The Unit Commanders will be under the direction of the Board of Directors. The appropriate Governmental agency shall continue to pay such officers that are assigned to the Division(s) their regular and usual pay and benefits as an employee of that Governmental agency. The assigning Governmental entity shall exercise supervision, direction or control of said officers in the daily routine performance of their duties. However, the **Pearl River County Major Crime Task Force** Commanders shall be the supervising authority while members of the Division(s) are actively working on the specialized team(s). The Unit Commanders will take direction from the Chief Law Enforcement Officer in whose jurisdiction the crime occurs.

VII.

ADMINISTRATIVE AND FINANCIAL MATTERS: The administrative and financial matters of the divisions shall be conducted as described in this section. Nothing in this section shall be construed to impair the power of the duties of the Board of Directors with respect to law enforcement. These provisions deal exclusively with matter of compliance with state and federal law and regulations on the management of funds and property.

1) Each respective Agency will be accountable for the financial responsibilities of training, equipping, etc. that Agencies member(s) of the **Pearl River County Major Crime Task Force**. Should finance be needed for a member, the Unit Commander will request the financing from that members Agency Head, to be acquired through applicable purchasing procedures established by Mississippi Law.

2) The Unit Commanders will be responsible for maintaining an up-to-date list of equipment and to which Agency it belongs. Each Agency will be supplied an updated list. In the event of termination of this Agreement the equipment will be returned to the Agency to which it belongs. Any equipment donated or otherwise acquired by the **Pearl River County Major Crime Task Force** will be divided evenly between the parties to this mutual Agreement. In the event that full agreement cannot be reached as to the division of the remaining property, said property shall be sold as provided by law and the proceeds divided equally among the Entities.

3) All seizures made by the Pearl River County Major Crime Task Force shall be handled by the 15th Judicial District/District Attorneys Office which shall receive twenty percent (20%) of the proceeds of the seizure. The remaining eighty percent (80%) of the seizure shall be retained by the Agency in whose area the seizure was made.

A) seizures in the City of Poplarville will go to the Poplarville Police Department.

B) seizures in the City of Picayune will go to the Picayune Police Department

C) seizures in Pearl River County, not within the city limits of Picayune, or the city limits of Poplarville shall go to the Pearl River County Sheriff's Department.

4. Personnel assigned to the **Pearl River County Major Crime Task Force** shall remain employees of their respective entities or agency for the purpose of compensation, Employee benefits, seniority, works compensation, and withholding taxes.

VIII.

The **Pearl River County Major Crime Task Force** shall concentrate its activity within Pearl River County, but may engage in investigative activities outside of said county, if such activity is necessary for the enforcement of the criminal laws within Pearl River County.

IX.

This Agreement shall be submitted to the Attorney General for the State of Mississippi for approval and shall be filed with the State Department of Audit within sixty (60) days after execution.

X.

This Agreement may be referred to as: **THE PEARL RIVER COUNTY MAJOR CRIME TASK FORCE INTERLOCAL COOPERATIVE AGREEMENT.**

IN WITNESS WHEREOF, the parties have hereto executed this Agreement by their duly authorized representative with full rights, power, and authority to enter into and perform this Agreement.

PEARL RIVER COUNTY
BOARD OF SUPERVISORS

By:_____
Robert Thigpen, President

ATTEST:_____ Date:_____

By:_____
Joe Stuart, Sheriff

CITY OF PICAYUNE

By:_____
Woody Spiers, Major

ATTEST:_____ Date:_____

By:_____
Brenda Smith, Chief of Police

RECESSED MEETING DATED FEBRUARY 20, 2001

CITY OF POPLARVILLE

By:_____
Billy Spiers, Mayor

ATTEST:_____

Date:_____

By:_____
Charlie Fazende, Chief of Police

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO PURCHASE VEHICLE FOR THE CITY MANAGER'S DEPARTMENT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to approve the purchase of a 2001 Ford Crown Victoria for the City Manager from the state contract vendor or a local vendor at the state contract price of $19,731.50. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO PURCHASE VEHICLE FOR THE POLICE DEPARTMENT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to authorize the purchase of a 2001 Ford Crown Victoria for the Police Department from the state contract vendor or a local vendor at the state contract price of $19,491.50. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO SET LOAN CLOSING DATE FOR AIRPORT REVITALIZATION LOAN

Motion was made by Councilmember McQueen, seconded by Councilmember Thorman, to set the date of February 20, 2001 for the loan closing date for the Airport Revitalization Loan for t-hangar construction. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED FEBRUARY 20, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Bates, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to enter executive session to discuss litigation matters, location of a business and a personnel matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss litigation matters, location of a business and a personnel matter.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Thorman, seconded by Councilmember Roberson, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed litigation matters, location of a business and a personnel matter and no action was taken.

CONSIDER LEASE-PURCHASE FINANCING FOR EQUIPMENT

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to approve the lease-purchase financing of the trencher for the Gas Department and approve the addition of this equipment to the lease with Trustmark National Bank that was approved at the February 6, 2001 meeting. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Bates, seconded by Councilmember Guy, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

RECESSED MEETING DATED FEBRUARY 20, 2001

VOTING NAY: None

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

March 6, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, March 6, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Pro Tempore Leavern Guy, Councilmembers Lucian Roberson, Jonas Bates, and Mark Thorman, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Gerald Cruthird, followed by the Pledge of Allegiance.

PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the minutes of the Mayor and City Council dated February 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Pro Tempore Guy, Councilmembers Roberson, Bates, and Thorman

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Spiers and Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALES

Upon request of the Tax Department Supervisor, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to void the following tax sales:

Parcel #	Assessed Name	Tax Year(s)	Sale Year(s)
517-736-000-06-046-00	Arnold V. Sharpe	1996,1997,1998	1997,1998,1999
617-522-002-01-017-00	Douglas Taylor	1999	2000

The following roll call vote was taken:

VOTING YEA: Mayor Pro Tempore Guy, Councilmembers Roberson, Bates, and Thorman

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Spiers and Councilmember McQueen

The motion was declared carried.

AT THIS TIME MAYOR SPIERS ENTERED THE MEETING.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the monthly claims docket for March 2001 in the total amount of $ 535, 982.16.
The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to purchase an advertisement in the program for the American Legion Auxiliary's Girls State Program in the amount of $100.00 to advertise the resources of the City and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to advertise the resources of the City by purchasing a half page advertisement in the cookbook for the Pearl River Community College River Extravaganza and authorize the issuance of a manual check for $ 250.00 for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO PLACE MONUMENT IN JOHNSON PARK

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to table the request of Bishop James Baker to place a monument in honor of John and Annie Johnson at Johnson Park until his group can present a plan of monument. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy a

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

REGULAR MEETING DATED MARCH 6, 2001

CONSIDER REQUEST TO PLACE PAYMENT DROP BOX ON CITY PROPERTY

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to table the request of Mississippi Power to place a payment drop box on the triangular-shaped median on Williams Avenue across the street from BankPlus next to the US Mail drop box until plans can be presented for exact location and design. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO MODIFY TOWING RATES

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to table action on changes to the City's Towing Ordinance until information received by the Police Department can be reviewed. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER ESTABLISHMENT OF A "DOWNTOWN COMMERCIAL AND RESIDENTIAL DISTRICT" IN PICAYUNE

The following ordinance was presented regarding the establishment of a "Downtown Commercial and Residential District" in Picayune:

ORDINANCE NO. 754

AN ORDINANCE ESTABLISHING A "DOWNTOWN COMMERCIAL DISTRICT"

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

Section 1. **Definition.** A certain area of the City of Picayune shall be designated as the "Downtown Commercial District." The description of this area is as follows:

The Point of Beginning is the corner of Elizabeth Street and South Main Street. Turn North on South Main to Goodyear Boulevard; then West on Goodyear Boulevard to Teague Street; then South on Teague Street to 6th Avenue; then East on 6th Avenue to Kirkwood Street; then South on Kirkwood Street to West Canal Street; then South at West Canal Street to Herman Street; then South on Herman Street to Stephens Street; then East on Stephens Street to Ruby Street; then North on Ruby Street to Elizabeth Street; then East on Elizabeth Street to South Main Street; then South on South Main Street to Bruce Street; then East on Bruce Street to Highway 11; then North on Highway 11 to Culpepper Street; then East on Culpepper Street to South Haugh Avenue; then North on South Haugh Avenue to North Haugh Avenue to Stevenson Street; then West on Stevenson Street to Highway 11; then South on Highway 11 to 4th Street Railroad Crossing; then cross tracks to North Main Street; then South on North to Elizabeth Street.

Section 2. **Severability, Conflict and Effective Date.**

Should any section, clause, paragraph, provision or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All

provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance shall take precedence.

This ordinance shall become effective after 30 days from its passage and upon completion of the requirements specified in Section 21-13-11, Mississippi Code of 1972, as amended.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Guy, seconded by Councilmember Thorman, and voted upon as follows:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried and the ordinance adopted on this the 6th day of March, 2001.

Woody Spiers, Mayor

Sabrina Diamond, City Clerk

CONSIDER ESTABLISHMENT OF TAX ABATEMENT PROGRAM FOR THE DOWNTOWN BUSINESS DISTRICT AND HISTORIC DISTRICTS

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to table action on adoption of the proposed ordinance. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER APPOINTMENT TO CEMETERY BOARD

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to appoint Earl Henley to the Cemetery Board for a five-year term to expire January 2006. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

REGULAR MEETING DATED MARCH 6, 2001

CONSIDER APPROVAL OF CONTRACT FOR AMBULANCE SERVICE

Motion was made by Councilmember Bates, seconded by Councilmember Thorman, to approve the following contract with Rapid Response for ambulance service:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

CONTRACT FOR AMBULANCE SERVICE

THIS CONTRACT is executed and entered into by and between Rapid Response EMS., LLC, a Mississippi limited liability company, hereinafter referred to as "Rapid Response" and the City of Picayune, a Mississippi municipal corporation, acting by and through its Mayor and City Council, hereinafter referred to as "City."

WITNESSETH:

WHEREAS, Rapid Response has operated a public ambulance service available to a geographic area which includes the territorial limits of the City of Picayune, Mississippi, under a contract for ambulance service dated February 2, 2000, which contract expires on February 28, 2001; and

WHEREAS, the City, effective March 1, 2001, is desirous of securing the above described ambulance service for its citizens on a temporary basis, and Rapid Response is likewise agreeable to furnishing and providing such ambulance services on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration, as hereinafter set forth, and further the mutual benefits to accrue and inure hereunder, and mutual agreements and undertakings herein contained to be kept, observed and performed by the respective parties hereto, Rapid Response and the City do hereby agree, contract and covenant, as follows, to-wit:

1. Grant of Rights: Subject to the terms herein, the City authorizes Rapid Response to provide emergency and non-emergency medical transportation services within the territorial limits of the City of Picayune, Mississippi and to the City of Picayune's residents located and residing therein and that such medical transportation services shall be deemed to include transportation by means of any transportation vehicles, including but not limited to ambulances, hereinafter described, for the benefit of the general public to any healthcare provider, including, but not limited to hospitals, nursing homes, clinics, etc. and the provision of pre-hospital emergency medical services in connection with such transportation.

2. Compliance with Federal, State and City Regulations, Laws and Ordinances: During the term of this contract, Rapid Response agrees to immediately take the necessary action to comply with all applicable federal regulations, state law and local ordinances, including but not limited to the City of Picayune, Mississippi Ordinance No. 651A.

3. Area of Responsibility: Rapid Response will provide ambulance service for the geographical area located within the territorial limits of the City and to the resident citizens therein.

4. Term: Unless otherwise terminated as hereinafter provided the term of this contract shall be for 31 days, commencing on March 1, 2001 and terminating at midnight on March 31, 2001. Rapid Response grants the city an option to renew for an additional term expiring April 30, 2001, at a cost of $80,000 to City. Should option be exercised by the city, payment is due by March 23, 2001 to address referenced in Section 9 of this contract.

5. Compensation for Services: All compensation due Rapid Response for services rendered hereunder shall be funded from the charges to governmental, commercial and private users of such services according to the schedule of charges fixed and established, from time to time, by the Board of Directors of Rapid Response. Notwithstanding its schedule of charges so established, Rapid Response does hereby agree to provide free of cost unto the City any such ambulance services as are necessary to transfer inmates from the City's jail for all transports requiring emergency, non-emergency and inter-hospital services required by such inmates.

6. Services to be Furnished by Rapid Response EMS: Rapid Response shall furnish, operate and provide for the City residents an advanced life support ambulance service, staffed by qualified personnel so as to provide the public with advanced life support capabilities on transports, including emergency, non-emergency and inter-hospital services, which ambulance service shall include the following:

(a) All necessary personnel, including the station supervisor, medics, clerical and office personnel.

(b) Rapid Response covenants and agrees to provide a response time performance of eight (8) minutes or less greater than eighty-five (85%) percent of the time.

(c) The ambulance service operated by Rapid Response shall be conducted from an established location in the City and Rapid Response will supply adequate office space, sleeping quarters and garage space, and will furnish all necessary utilities required for the ambulance service.

(d) Rapid Response agrees to maintain and keep in full force and effect during the term of this Contract the following insurance coverages and/or bonds, to wit:

(i) Public liability insurance covering the ambulance units, their operations and all drivers thereof for single limit coverage of not less than $500,000.00;

(ii) Workmen's Compensation insurance coverage for all employees of Rapid Response of an amount required by Mississippi law;

(iii) Fidelity bond coverage for such employees of Rapid Response for such amounts as Rapid Response, in its sole discretion, may elect and determine;

(iv) Professional liability coverage with a single limit coverage of not less than $1,000,000.00.

Notwithstanding the foregoing insurance /bonds to be furnished by Rapid Response unto the City, Rapid Response shall further indemnify and hold the City free and harmless from and against any and all losses, claims, demands, actions, causes of action or expenses of whatever kind and character, including attorneys' fees, that the City may suffer or incur by reason of any negligent actions or omissions by Rapid Response, its agents and employees in connection with or arising out of the operation by Rapid Response of the public ambulance service contemplated by this Contract.

(e) At all times during the term of this Contract, Rapid Response shall maintain the ambulance units and their communication and other related equipment in good operating condition in compliance with the applicable rules and regulations of the Emergency Medical Services Division of the Mississippi State Board of Health.

((f) Rapid Response shall obtain and keep in full force and effect all necessary certifications and permits from the Emergency Medical Services Division of the Mississippi State Board of Health for the ambulances and the medics assigned thereto at the advanced life support level.

(g) Rapid Response shall furnish all necessary drugs, medicines, oxygen and other emergency medical supplies required in the care of patients while being transported by the ambulances.

(h) Rapid Response shall keep and maintain records and statistical data relating to its operations of a public ambulance service in the City.

(i) Rapid Response will adhere to established medical treatment protocol and written standing orders as approved by the Emergency Physicians of Crosby Memorial Hospital's Medical Staff, and the Emergency Medical Services Division of the Mississippi State Board of Health.

(j) Rapid Response will work with the Fire Department of the City for assistance in the extrication of patients at automobile and other accidents where patients may be trapped.

(k) Rapid Response shall maintain at Crosby Memorial Hospital a VHS station radio to be used by the Emergency Physicians of Crosby Memorial Hospital's Medical Staff in their capacity as medical control for Rapid Response's staff in the field. In addition, Rapid Response will install a VHS radio system in two ambulance units to allow the units to have constant communication with and access to medical control in Picayune.

(l) Rapid Response will provide, at no additional charge and on an "as available" basis, a standby ambulance at any public function, such as high school football games conducted within the jurisdictional boundaries of the City; however, a charge, to be determined from time to time by the Board of Directors of Rapid Response, will be made to the promoters thereof for standby ambulance service at private "for profit" events, such as rodeos, motorcycle races, fairs, carnivals and other similar events.

(m) In providing the ambulance service contemplated by this Contract, Rapid Response shall transport patients to the hospital of their choice, or as indicated by medical treatment protocol in those instances where a patient may be unresponsive. Rapid Response may also respond, if needed, in an emergency situation or when prescribed by a physician to calls across any other political or jurisdictional boundary.

(n) Appropriate personnel of Rapid Response will review patient reports to assure quality patient care.

7. Conditions, Agreements and Covenants to be Kept and Performed by the City:

(a) Upon meeting the requirements therefore, the City agrees to continue the permit of Rapid Response for the operation of ambulance service within the jurisdictional area of the City pursuant tot he provisions of Ordinance No. 651A of the Picayune Code of Ordinances.

(b) The City agrees to accept requests or calls for ambulance service on its "911 telephone line" and to initiate the response by Rapid Response by notifying Rapid Response's staff. The city shall cause a record to be made of the time at which the request was received by the city's representative and the time at which the City's representative notified Rapid Response of the request

(c) Prior to the commencement of the term of this Contract, the City shall take any and all necessary action to effectuate the transfer of any ambulance units or other related equipment in which it still retains either an ownership or lease hold right, unto Rapid Response.

(d) The City shall indemnify and hold Rapid Response free and harmless from and against any and all losses, claims, demands, actions, causes of action or expenses of whatever kind and character, including attorneys' fees, that Rapid Response may suffer or incur by reason of, resulting from or growing out of the negligent acts or omissions of the City, its servants and employees, in connection with or arising out of the operation of Rapid Response of the public ambulance service under this Contract.

8. Right to Terminate: Either the City or Rapid Response shall have the right to terminate this Contract if the other party defaults in the performance of any of the covenants, agreements, conditions or undertakings herein contained to be kept, observed and performed.

9. Notices: All notices to or demands upon the City or Rapid Response, desired or required to be given under any provision of the agreement to be executed and entered into by

and between the parties, shall be in writing and mailed by United States registered mail or United States certified mail as follows:

City Manager
City of Picayune
203 Goodyear Boulevard
Picayune, MS 39466

Rapid Response EMS, LLC
c/o Paragon Health Services
1340 14th Street
Slidell, LA 70458

10. Assignments: This is a Contract to provide personal services and neither party hereto shall have the right to assign this Contract without the prior written consent of the other party.

11. Entire Agreement: This Contract and the covenants and agreements set for herein are and shall constitute the entire Contract between the parties. Each party to this Contract hereby acknowledges and agrees that the other party has made no warranties, representations, covenants or agreements, express or implies, to such party other than those expressly set forth herein, and that each party in entering in to and executing this Contract has relied upon no warranties, representations, covenants or agreements other than those expressly set forth herein.

12. Amendment: This Contract shall not be varied in its terms by oral agreement or representation or otherwise than by an instrument in writing of date even herewith or subsequent hereto, executed by appropriate officials of both parties.

13. Independent Contractors: It is distinctly understood, acknowledged and agreed that neither an employer-employee, nor principal-agent, nor partnership, nor joint venture relationship shall be created or exist between Rapid Response and the City, or any of their respective employees or personnel, under or by virtue of this Contract, and that the relationship between Rapid Response and the City shall at all times be that of independent contractors.

THIS CONTRACT EXECUTED IN DUPLICATE on this, the 6th day of March, A.D., 2001, but to be effective as of March 1, 2001.

RAPID RESPONSE EMS, LLC

BY:_____
YASSER KHALED
Chief Executive Officer

ATTEST:

_____

_____, Secretary

CITY OF PICAYUNE

BY:_____
WOODY SPIERS, Mayor

ATTEST:

_____

_____, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER ACCEPTANCE OF FRIENDSHIP PARK CONCESSION STAND PROJECT

Upon recommendation of the Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Thorman, to accept the Friendship Park Concession Stand Project as complete. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER APPROVAL OF MANUAL CHECKS

Upon request of the City Manager, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Woody Spiers	General	$ 308.36
Ms. State Tax Commission	Utility	NTE $10,000.00
City of Picayune, General	Utility	NTE $52,000.00
Bobby Kelly	General	$ 66.19

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the minutes of the Planning Commission dated January 25, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the minutes of the Planning Commission dated February 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE

Motion was made by Councilmember Guy, seconded by Councilmember Bates, to approve the request of Kathleen and David Brumfield for a home occupation license for 1206 Pinewood Drive to operate a mobile detail service. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST FOR REAR YARD VARIANCE

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the request of Mike Ladner for a 5' rear yard variance for 422 Highway 11 North for an addition to the existing building with the stipulation that the lot will be cleaned before the building permit is issued. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO PLACE MOBILE HOME IN I-2 ZONE

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the request of Patricia Shoemake to place a mobile home at 330 Rosin Road, I-2 zone. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to deny the request of John Reid and Faye Brindel for a home occupation license for 1004 Shirley Drive to operate a cold drink and snack vending machine business. The subdivision covenants prohibit businesses. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST FOR SOLE SOURCE PURCHASE

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the sole source purchase of a mobile video camera system for the Police Department from Law Enforcement Specialty Products, Inc. at a price of $6,450.00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR EMERGENCY WARNING DEVICE

Upon recommendation of the Fire Chief, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to authorize the Purchasing Agent to advertise for bids for an emergency warning device. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO WAIVE OR AMEND CERTAIN MINIMUM STANDARDS AND AIRPORT RULES AND REGULATIONS

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the following Memorandum of Understanding between the City and Magnolia Air I, LLC regarding the Airport Minimum Standards and Airport Rules and Regulations:

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made and entered into as of the 6th day of March, 2001, by and between THE CITY OF PICAYUNE, MISSISSIPPI, a municipal corporation organized and existing under the laws of the State of Mississippi (the "city"), MAGNOLIA AIR I, LLC, a Mississippi limited liability company (hereinafter, together with its successors and assigns, referred to as "Magnolia"), and CHEVRON U.S.A., INC. a Pennsylvania corporation (hereinafter, together with its successors and assigns, referred to as "Chevron").

WITNESSETH:

WHEREAS, the City is the owner of certain real property, more accurately described on Schedule 1, attached hereto, (the "Property"), and desires to lease the Property to Magnolia under a Lease Agreement, (the "Lease") and Magnolia desires to sublease the Property to Chevron under a Sublease Agreement (sublease");

WHEREAS, the Property is part of the City of Picayune's Municipal Airport (the "Airport");

WHEREAS, the City adopted the City of Picayune Municipal Airport Minimum Standards dated October 3, 2000 (the "Minimum Standards"), which prescribe qualifications,

standards and criteria for commercial and non-commercial operators to engage in Aeronautical Activities (as that term is defined in the Minimum Standards) at the Airport. Capitalized terms that are used in this Memorandum of Understanding but not otherwise defined herein shall have the same meanings as said terms are used and defined in the Minimum Standards.

WHEREAS, the City also adopted the City of Picayune Municipal Airport Rules and Regulations dated October 17, 2000 (the "Rules and Regulations");

WHEREAS, Magnolia and Chevron would be subject to the Minimum Standards and the Rules and Regulations if Magnolia entered into the Lease and if Magnolia and Chevron entered into the Sublease;

WHEREAS, there are certain provisions of the Minimum Standards and the Rules and Regulations that Magnolia and Chevron would like either waived, changed and/or amended before either of them enter into the Lease or Sublease; and

WHEREAS, in order to induce Magnolia and Chevron to enter into the Lease and/or Sublease, the City desires to waive and/or amend certain provisions of the Minimum Standards and the Rules and Regulations.

NOW, THEREFORE, the City, Magnolia and Chevron agree as follows:

1. The City, Magnolia and Chevron agree that each of them shall comply with the Minimum Standards and the Rules and Regulations as amended by this Memorandum of Understanding, to the extent applicable to their respective operations and activities at the Leased Premises and the Airport. Any changes made by any part tot he minimum Standards or the Rules and Regulations will not be effective against either Magnolia or Chevron, unless consented to by them in writing. Notwithstanding anything to the contrary provided in this Memorandum of Understanding, the City shall not be deemed to have waived, changed or amended the Minimum Standards or the Rules and Regulations as the same apply to any other lessee, operator or third party located or doing business at the Airport, other than Magnolia, Chevron and their respective successors, assigns, subtenants and sub-subtenants.

2. Section I.E. of the Minimum Standards is hereby amended by adding the following definition immediately after the definition of "Avionics, Instrument or Propeller Repair Operator":

"City: City of Picayune, Mississippi."

3. The period at the end of the sentence in Section I.F. is hereby changed to a coma, and the following provision is hereby added at the end of said sentence:

"but only after the City has provided written notice and an opportunity to cure in accordance with the terms and provisions of the applicable Agreement, Lease or Sublease."

4. Section II of the Minimum Standards, Subsection 1, Second Paragraph, last Sentence shall be modified as follows:

"Unless specified in the Agreement, the Agreement shall not reduce or limit the Entity's obligations with respect to these Minimum Standards."

5. Section II of the Minimum Standards, Subsection 2, First Paragraph shall not apply to Magnolia and Chevron with respect to rental, fees and charges levied by the City. Magnolia and Chevron shall only pay such fees and charges that are currently in place and have been disclosed to both Magnolia and Chevron and are listed on Schedule II attached hereto. In addition, the City acknowledges and agrees that the Lease and Sublease set forth the full amount of the rental payment by Magnolia and Chevron, respectively.

6. Section II of the Minimum Standards, Subsection 2, Fourth and Fifth Paragraphs shall be modified as follows:

"No Entity shall be permitted to engage in Aeronautical Activities at the Airport unless said Entity is current (not delinquent) in the payment of all rental, fees, and other charges accruing to the City under any Agreement, Lease or otherwise, subject, however, to compliance by the City with all notice and cure provisions contained in the applicable Agreement, Lease or Sublease.

"The Operator's failure to remain current in the payment of all such rental, fees and other charges accruing to the City after the Operator's receipt of written notice and the expiration of the cure period as provided under the applicable Agreement, Lease or Sublease will be grounds for revocation of such Operator's authority to conduct its aeronautical activities at the Airport."

7. Section II of the Minimum Standards, Subsection 4, Paragraphs 1 and 2 delineate the types of structures that may be constructed at the Airport. Insofar as these paragraphs relate to the type of finish and color of the roof of a structure, this requirement is waived by the City and neither Magnolia nor Chevron need to comply with that particular requirement. The City further agrees that the roof of the Building to be constructed on the Property may be American Building Company's 24-gauge "Standing Seam II" roof panel, or its

equivalent, and that the panels' exterior finish may be American Building Company's "ALCT" finish, galvalume, or its equivalent. The roof panels may be backed by a 20-year material finish warranty and a 20-year weather-tightness warranty.

8. Section II of the Minimum Standards, Subsection 4, Sixth Paragraph, First Sentence shall be modified as follows:

> "Other than as provided in any Agreement, the City is under no obligation to construct or provide aprons or taxiways for commercial facilities or Activities."

9. Section II of the Minimum Standards, Subsection 5, applies only to those users of the Airport that provide products and/or services to the general public. This section does not apply to users of the Airport that have been granted the privilege of using the Airport as a base of operations. It is understood by all the parties that neither Magnolia or Chevron will use the Airport to provide services to the City or the general public, and therefore, neither of them will be subject to this section.

10. Section II of the Minimum Standards, Subsection 9, delineates insurance requirements for users of the Airport. These requirements do not contemplate companies that self-insure. Chevron is a company this self-insured through its parent company's Self-Administered Claims Program (the "Plan"). Chevron's participation in the Plan is evidenced by the letter from Chevron's parent company, Chevron Corporation, to the City, attached hereto as Schedule III. As such, Chevron is relieved from complying with Section 9 provided that and for so long as Chevron satisfies the following conditions: (i) Chevron is not in default under the Sublease and (ii) chevron's net worth, as determined in accordance with generally accepted accounting principles, consistently applied, is at least Five Hundred Million and No/100 Dollars ($500,000,000.00). Chevron's net worth shall be established by the audited annual report furnished to Chevron's or its Parent Company's stockholders each year and/or Chevron's or its Parent Company's audited K-1 Report filed each year with the United States Securities and Exchange Commission. If Chevron fails to satisfy said conditions, Chevron shall within thirty (30) days comply with all the insurance requirements contained in Section 9 as well as the applicable requirements of its Sublease. Chevron shall notify the City in writing at any time Chevron's parent company discontinues the Plan or Chevron ceases its participation in the Plan, or in the event Chevron's net worth fall below Five Hundred Million and NO/100 ($500,000,000.00).

11. Section II of the Minimum Standards, Subsection 11, Second Paragraph, shall be modified as follows:

> "The Operator shall not pledge, hypothecate or otherwise encumber its leasehold interest, if any, in any demised premises or improvement thereon at the Airport, or allow the same by operation of law, except upon the prior written consent of the City, such consent not to be unreasonably withheld."

12. Section II of the Minimum Standards, Subsection 21, shall be modified as follows:

> "The City reserves the right to suspend or revoke Airport privileges, on a temporary or permanent basis, to any Operator failing to abide by these Minimum Standards or any applicable federal, state or local law, rule, regulation, ordinance or standard governing the Airport or any applicable Aeronautical Activity, but only after the City has provided such Operator written notice and an opportunity to cure such failure in accordance with the terms and provisions of such Operator's Agreement, Lease or Sublease."

13. With respect to Section 3.1of the Rules and Regulations, the City acknowledges that it has approved the operations as permitted and contemplated under the Lease and Sublease.

14. Section 3.3 of the Rules and Regulations shall be modified as follows:

> "Any person violating any of the Airport Rules and Regulations, after receipt of written notice and an opportunity to cure as provided in such person's Agreement, Lease or Sublease, may be deprived of the use of the Airport facilities for such period of time that the violation continues as determined by the Owner and/or Airport Manager."

15. With respect to Section 4.2 of the Rules and Regulations, the Airport acknowledges that fueling vehicles and tow vehicles may be used on the concrete apron and other areas as reasonably required in connection with Magnolia's and/or Chevron's operations.

16. With respect to Section 4.3 of the Rules and Regulations, the City agrees that Magnolia and Chevron may use the parking areas situated on the Property.

17. With respect to Section 5.3 of the Rules and Regulations, the City agrees that Magnolia and Chevron may park, store, wash and repair aircraft on the Property, but the City will

not permit any other operators to park, store, wash or repair aircraft on the Property. However, the City may permit other operators to use the concrete apron and taxiways on said Property in accordance with the Landlord's Reserved Easements under the Lease.

18. Notwithstanding Section 5.11 of the Rules and Regulations, the City acknowledges and agrees that Magnolia and Chevron may maintain one or more helicopter landing pads on the Property and that its and their helicopters may utilize said landing pads as well as the runways at the Airport.

19. Notwithstanding Section 6.1 of the Rules and Regulations, the City acknowledges and agrees that Magnolia and Chevron shall have the right to drain fuel, oil and other liquids from helicopters or other aircraft while being serviced inside the building to be constructed on the Property.

20. The City agrees that it shall provide Magnolia and Chevron a notice and opportunity to cure in accordance with the terms and provisions of their respective Agreement, Lease or Sublease prior to exercising any remedies under the Minimum Standards or the Rules and Regulations.

21. Each party to this Memorandum of Understanding represents, warrants, covenants and agrees to and with the other parties hereto that (a) it has full, power and authority to enter into this Memorandum of Understanding, and (b) the execution and delivery of this Memorandum of Understanding by said party and the fulfillment of the terms and provisions hereof will not conflict with, be a violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which said party is now a party or is subject, or the charter, certificate of incorporation, bylaws or other governing documents of such party, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of such party's governing body or of any other federal, state or local government, governmental instrumentality or court, domestic or foreign, having jurisdiction over such party.

22. Except as otherwise modified or waived by this Memorandum of Understanding, the Minimum Standards and the Rules and Regulations shall remain unchanged and in full force and effect. Notwithstanding anything to the contrary provided in this Memorandum of Understanding, the City shall not be deemed to have waived, changed or amended the Minimum Standards or the Rules and Regulations as the same apply to any other lessee, operator or third party located or doing business at the Airport, other than Magnolia, Chevron and their respective successors, assigns, subtenants and sub-subtenants.

23. This Memorandum of Understanding shall be binding upon and inure to the benefit of the parties hereto and their respective estates, heirs, successors, and assigns.

24. This Memorandum of Understanding shall be governed by and construed and interpreted under the laws of the State of Mississippi, including, but without limitation, the State of Mississippi's statutes of limitation.

25. This Memorandum of Understanding and the Lease and Sublease referred to herein (and exhibits attached thereto) contain all of the terms and conditions agreed upon by the parties hereto, and no other agreement, oral or otherwise, regarding the subject matter herein shall be deemed to exist or to bind the parties hereto unless in writing and executed by the parties hereto.

26. This Memorandum of Understanding may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one (1) agreement.

27. Nothing contained in the Minimum Standards or the Rules and Regulations as amended by this Memorandum of Understanding shall be construed to confer upon any other party the rights of a third party beneficiary.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CITY OF PICAYUNE

BY: _____
Woody Spiers, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

MAGNOLIA AIR I, LLC

BY: _____
Joseph F. Bear, Member

ATTEST:

_____

CHEVRON U.S.A., INC.

BY:_____

ATTEST:

_____

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss a matter of potential litigation and two contractual matters. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of potential litigation and two contractual matters.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Bates, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of potential litigation and two contractual matters and took no action.

REGULAR MEETING DATED MARCH 6, 2001

ORDER TO AUTHORIZE MAYOR TO SIGN AIRPORT LOAN AGREEMENT

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to authorize the Mayor to sign the following loan agreement with the Mississippi Development Authority for a CAPS loan for the airport in the amount of $66,317.00:

MISSISSIPPI DEVELOPMENT AUTHORITY
CAPITAL IMPROVEMENTS LOAN PROGRAM

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of February 28, 2001 (this "Agreement") by and between the Mississippi Development Authority ("MDA") and the entity set forth in Item 1 of Annex A (the "Applicant").

WITNESSETH:

WHEREAS, the Mississippi Capital Improvements Act, Section 57-1-301 (the "Act"0, was enacted and authorized MDA to make interest-bearing loans to local entities for capital improvements; and

WHEREAS, the Applicant has agreed to retain title to the capital improvements and has requested MDA to finance a portion of the cost associated with the development of these improvements, more particularly described in Item 2 of Annex (the "Project"); and

WHEREAS, pursuant to the act and the guidelines adopted by MDA under the Act (the "Guidelines"), the Applicant has filed and application (the "Application") with MDA for a loan to be used for the development of the Project, more particularly described in Item 2 of Annex A (the "Project"); and

WHEREAS, based upon the Application and other relevant factors, MDA has agreed to provide the Applicant with a loan under the Act in the amount set forth in Item 3 of Annex A (the "Loan") under the terms and conditions set forth in Item 4 of Annex A, in order to fund, in part, and develop the Project by the Applicant; and

WHEREAS, to secure the payment of the Loan, the Applicant has authorized, executed, and delivered the Note (as hereinafter defined) to MDA.

NOW, THEREFORE KNOW ALL MEN BY THESE PRESENTS, THIS LOAN AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

SECTION 1. ***Loan.*** Subject to and upon the terms and conditions set forth herein, MDA agrees to make the Loan to the Applicant and the Applicant agrees to borrow the proceeds of the Loan form MDA. The Loan will be evidenced by a promissory note payable to the order of MDA and dated as of the date hereof in substantially the form attached hereto as Exhibit A attached hereto (the "Note"), which Note shall bear interest at the rate or rates per annum set forth in Item 4 of Annex A and as shown on the face of the Note. Subject to the provisions of this Agreement, the Note and any other documents required by MDA to secure the Applicant's repayment of the Loan, MDA shall pay the proceeds of the Loan unto the Applicant in order to finance, in part, the Project. The Applicant can submit only one request for cash per month to MDA, and the total amount of requested funds for the project cannot exceed the maximum loan amount. The amount of the request can only be for eligible costs on current cash need basis. All loan funds must be expended within one year from the date of the loan or the funds shall be recalled unless prior written approval is obtained from MDA.

SECTION 2. ***Loan Payments and the Note.*** All payments payable by the Applicant under this Agreement and the Note (the "Loan Payments") are due and payable at the times and in the amounts set forth in Item 4 of Annex A. MDA directs the Applicant, and the Applicant agrees to pay to MDA, at the address set forth in Section 9 hereinbelow, all payments payable by the Applicant pursuant to this Agreement.

Failure of the Applicant to meet its repayment obligations shall result in the forfeiture of sales tax allocation and/or homestead exemption reimbursement in an amount sufficient to repay obligations due pursuant to Section 57-1-303 (3) of the Act.

The Applicant shall execute the Note to evidence its obligation to make the Loan Payments and any other sums payable by the Applicant hereunder.

It is understood and agreed that all Loan Payments by the Applicant under this Agreement and the Note shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right set-off, counterclaim or recoupment arising out of any breach by MDA, or the State of any obligation to the Applicant, whether hereunder or otherwise, or out of any indebtedness or liability at anytime owing to the Applicant by MDA or the State.

The Applicant may, at its option, at any time and from time to time prepay the Loan without premium or penalty.

SECTION 3. ***Representations of MDA.*** MDA makes the following representations as the basis for the undertakings on the part of the Applicant herein contained.

(a) MDA is an agency of the State and is authorized pursuant to the provisions of the Act and the Guidelines to enter into the transactions contemplated by this Agreement.

(b) MDA has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(c) MDA is not in default under any provisions of the laws of the State material to the performance of its obligations under this Agreement.

(d) MDA has been duly authorized to execute and deliver this Agreement and by proper action has duly authorized the execution and delivery hereof and as to MDA, this Agreement is valid and legally binding and enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited (1) by bankruptcy, reorganization, or similar laws limiting the enforceability of creditor's rights generally or (2) by the availability of any discretionary equitable remedies.

(e) The Loan for the activity or activities described in Annex A Item 2 to the Applicant, as provided by this Agreement, will further the purposes of the Act, to wit: to assist local entities in the providing capital improvements.

SECTION 4. ***Representations of the Applicant.*** The Applicant makes the following representations as the basis for the Loan and the undertakings on the part of MDA herein contained:

(a) The Applicant has all necessary power and authority to enter into and perform its duties under this Agreement and the Note and, when adopted or when executed and delivered by the respective parties hereto and thereto, this Agreement and the Note will constitute legal, valid, and binding obligations of the Applicant enforceable in accordance with their respective terms except to the extent that the enforceability of the rights set forth herein and therein may be limited by bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally and except to the extent that the enforceability of the rights set forth herein and therein may be limited by the validity of any particular remedy. The execution and delivery of this Agreement and the Note and compliance with the provisions of each, will not conflict with, or constitute a breach of or default under, the Applicant's duties under any law, administrative regulation, court decree, resolution, charter, by-laws, or other agreement to which the Applicant is subject or by which it is bound.

(b) There is no consent, approval, authorization or other order of, filing with, or certification from any regulatory authority having jurisdiction over the Applicant required for the execution and delivery or the consummation by the Applicant of any of the transactions contemplated by this Agreement and the Note which have not already been obtained.

(c) There is no action, suit, proceeding, or investigation at law or in equity before or by any court, governmental agency or body pending or, to the best knowledge of the Applicant, after reasonable investigation and due inquiry, threatened against the Applicant to restrain or enjoin the execution or delivery of the Note, or the making of the Loan Payments contemplated by this Agreement and the Note, or in any way contesting or affecting the validity of this Agreement and the Note or contesting the powers of the Applicant to adopt, enter into or perform its obligations under any of the foregoing or materially and adversely affecting the properties or conditions (financial or otherwise) or existence or powers of the Applicant.

(d) It shall comply with the terms and provisions of this Agreement, the Note, the Act, and the Guidelines.

(e) It is not in default under any previous loans from MDA, the State, or the Federal Government.

(f) All information furnished by the Applicant to MDA for the purpose of approving the Loan, including, but not limited to, the Application, is true, accurate, and complete as of the date hereof and thereof.

(g) The Loan is being made to finance the Project and will not be used for any other purpose.

SECTION 5. ***Covenants of the Applicant.*** The Applicant covenants and agrees, until the Loan is repaid and satisfied in full according to the terms of this Agreement, as follows:

(a) The Applicant will retain title, maintain, preserve, keep the Project in good working order, and condition. For water and wastewater improvements, the Applicant must have established a reserve fund prior to loan closing and the fund should have the equivalent of one year maintenance cost at the end of the first year. For improvements in fire protection, the Applicant must meet the National Fire Protection Association (NFPA) standards in the 1990 series.

(b) The Applicant shall not, without the prior written consent of MDA, create, assume, or otherwise suffer to exist any mortgage, pledge, or other encumbrance upon the Project.

(c) The Applicant shall promptly give to MDA written notice of any event of default as specified in Section 9 hereof or any event that, upon lapse of time or notice or both, would become an event of default.

SECTION 6. ***Defaults and Remedies.*** The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Applicant to pay or cause to be paid when due any payments required to be paid under Section 2 hereof and the Note;

(b) Failure by the Applicant to observe and perform in any material way, any covenant, conditions or agreement on its part to be observed or performed as set forth herein, which failure shall not be cured to the satisfaction of MDA within the earlier of ten (10) days after actual knowledge thereof by the Applicant or written notice, specifying such failure and requesting that it be remedied, is given to the Applicant by MDA;

(c) Any written representation or written warranty made by the Applicant in or with respect to this Agreement shall prove to have been false in any material respect at the time of execution by the Applicant of this Agreement;

(d) The Applicant shall commence a voluntary case or other proceeding in bankruptcy or seeking liquidation, reorganization, arrangement, readjustment of its debts or for any other relief under the federal bankruptcy laws, as amended, or under any other insolvency act or law, state, or federal, now or hereafter existing or shall take any other action indicating its consent to, approval of, or acquiescence in any such case or proceedings, and said proceeding is not dismissed within thirty (30) days after the commencement thereof; the Applicant shall apply for, or consent to or acquiesce in the appointment of a receiver, liquidator, custodian, sequestrator or a trustee for all or a substantial part of its property; the Applicant shall make an assignment for the benefit of its creditors; or the Applicant shall fail, or shall admit in writing its failure to pay its debts generally as such debts become due;

(e) There shall be filed against the Applicant an involuntary petition in bankruptcy or seeking liquidation, reorganization, arrangement, readjustment of its debts or any other relief under the federal bankruptcy laws, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and such petition is not set aside within thirty (30) days after such filing; or a receiver, liquidator, custodian, sequestrator or trustee of the Applicant for all or a substantial part of its property shall be appointed without the consent or approval of the Applicant or a warrant of attachment, execution or similar process against any substantial part of the property of the Applicant is issued; and continuance of any such events for thirty (30) days undismissed or undischarged or within such thirty (30) days, the entering of an order for relief under the United States Bankruptcy Code; or

(f) There is a material adverse change in the financial condition of the Applicant which would, in the opinion of MDA endanger MDA's ability to collect the Loan. Whenever an event of default shall have occurred and be continuing, MDA may at any time thereafter, at their option, declare the Loan to be due and payable, whereupon the maturity of the then unpaid balance of the Loan shall be accelerated and the same shall forthwith become due and payable without presentment, demand, protest or notice of any kind, all or which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding, and

MDA may take any action at law or in equity to enforce performance and observance of any obligation, agreement or covenant of the Applicant under this Agreement or the Note. No remedy conferred upon or reserved to MDA by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission or exercise any right or power occurring upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. If the Applicant shall default under any of the provisions of this Agreement and MDA shall employ attorneys or incur other expenses for collection of the Loan Payments or for the enforcement or performance or observance of any obligation or agreement on the part of the Applicant contained in this Agreement or the Note, the Applicant, will on demand therefore pay the reasonable fees and expenses of MDA and its attorneys as they are incurred including all fees of counsel incurred for negotiation, trial, appeals or ruling of any lower tribunals, administrative hearings, bankruptcy and creditors' reorganization proceedings.

(g) All cost and disbursements must be in accordance with the loan agreement and the Mississippi Capital Improvements Act 57-1-301 *et seq.* for eligible cost. If any cost or disbursements are ineligible, the Applicant is in default and must reimburse the MDA for the ineligible cost and any accrued interest.

SECTION 7. ***Release and Indemnification of MDA and State.*** The Applicant hereby releases MDA and the State from, and agrees that MDA, the State and their respective officers, directors, members, employees, attorney and agents shall not be liable for, and agrees to indemnify and hold MDA and the State and their respective officers, directors, members, employees, attorney and agents harmless against:

(a) Any liability, cost or expense in the administration of this Agreement and the Note and the obligations imposed on MDA and the State hereby and thereby;

(b) Any or all liability or loss, cost or expense, including reasonable attorney's fees, resulting from or arising out of any loss or damage to property or injury to or death of any person occurring on or about the Project or resulting from any defect in the fixtures, machinery, equipment or other property located on the Project or arising out of, pertaining to, or having any connection with the Project or the financing thereof (whether or not arising out of acts, omissions or negligence of the Applicant); and

(c) Any and all claims, damages, judgments, penalties, costs and expenses (including attorney's fees and court cost now or hereafter arising from the aforesaid enforcement of this paragraph) arising directly or indirectly from the activities of the Applicant, its predecessors in interest, third parties with whom it has a contractual relationship or arising directly or indirectly from the violation of any environmental protection, health or safety law, whether such claims are asserted by any governmental authority or any other person which indemnity shall survive termination of this Agreement.

SECTION 8. ***Compliance with Environmental Laws.*** The Applicant shall cause all business, operations, and activities at or upon the Project at all times during the term of this Agreement to be conducted in compliance with all applicable federal, state, or local laws, include, but are not limited to, the following:

(a) The Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C., 9601 *et seq.;*

(b) The Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 *et seq.;*

(c) The Clean Water Act, as amended, 33 U.S.C. 1251 *et seq.;*

(d) The Safe Drinking Water Act, as amended, 42 U.S.C. 300 (f) *et seq.;*

(e) The Toxic Substance Control Act, as amended, 15 U.S.C. 2601 *et seq.;*

(f) The Clean Air Act, as amended, 42 U.S.C. 7401 *et seq.;*

(g) The Emergency Planning and Community Right-to-Know Act of 1986, as amended. 42 U.S.C. 11001 *et seq.;*

(h) The Occupational Health and Safety Act, as amended, 29 U.S.C. 651 *et seq.;*

(i) The Mississippi Air and Water Pollution Control Law, as amended, Miss. Code Ann. 49-17-1 *et seq.;*

(j) The Mississippi Solid Waste Disposal Law of 1974, as amended, Miss. Code Ann. 17-17-1 *et seq.*;

(k) The Mississippi Underground Storage Tank Act of 1988, as amended, Miss. Code Ann. 49-17-401 *et seq.*; and

(l) The Mississippi Conservation of Groundwater Law, as amended, Miss. Code Ann. 51-4-1 *et seq.*

(m) Antiquities Law of Mississippi, as amended, Miss. Code Ann. 39-7-1 *et seq.*

SECTION 9. ***Notice Addresses.*** All notices given pursuant to this Agreement shall be in writing signed by the party giving the notice and shall be given by (a) certified mail, postage prepaid, (b) prepaid overnight delivery, or (c) hand delivery. For the purposes of this Agreement, notices shall be sent to the parties at the addresses set forth in Item 5 of Annex A hereto or to such other addresses that the parties may designate in writing.

SECTION 10. ***Miscellaneous.***

(a) The paragraph headings in this Agreement are for convenience only and are not intended to limit or interpret the provisions of this Agreement.

(b) All Annexes and Exhibits which are referred in this Agreement are made a part of and are incorporated into this Agreement.

(c) This Agreement shall be governed as to validity, construction and performance by the laws of the State of Mississippi.

(d) This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one in the same instrument.

(e) No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

(f) If any cause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of such clause, provision or section shall not effect any of the remaining clauses, provisions or sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

(g) The economic benefit to Applicant must be stated in any lease agreement with a business.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day an year first above written on the cover page hereof.

(S E A L)

MISSISSIPPI DEVELOPMENT AUTHORITY

Attest

_____

By_____
James C. Burns
Executive Director

Title _____

(S E A L)

City of Picayune

Attest

_____

By_____
Woody Spiers
Mayor

Title_____

I HEREBY CERTIFY that I have reviewed all necessary documentation pursuant to this Agreement and the Note, and that the Applicant is legally empowered to execute the documents and enter into said Capital Improvements Revolving Loan with MDA.

Applicant's Attorney

Annex A

to

Loan Agreement

Item 1 Name of Applicant

City of Picayune
Loan #00-297-CP-01

Item 2 Description of Project:

To make water and sewer improvements as specified as their 2000 Capital Improvements Revolving Loan Application.

Item 3 Loan Amount:

Note: Not to Exceed $66,317

Item 4 Loan Terms and Conditions

Estimated Payment: $367.79 monthly

The terms of the Note shall be for 240 months following the completion of the capital improvements at 3% annual interest computed daily. Payments shall be made as referenced above; however, interest will be adjusted to reflect the actual dates of disbursement. The payments will begin 30 days after the completion date of the project. All loan funds must be expended within one year from the date of the loan or the funds shall be recalled unless prior written approval is obtained from MDA. An amortization schedule will be provided near the completion of the project.

Item 5 Address Notice:

Mississippi Development Authority
1300 Walter Sillers Building
Post Office Box 849

MISSISSIPPI DEVELOPMENT AUTHORITY
CAPITAL IMPROVEMENT LOAN PROGRAM

PROMISSORY NOTE #00-297-CP-01

February 28, 2001 Not to Exceed $66,317

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay to the order of the Mississippi Development Authority ("MDA") or its assigns, the principal sum not to exceed Sixty-Six Thousand Three Hundred Seventeen Dollars ($66,317), together with interest on the unpaid principal balance thereof until fully and finally paid at the rate of three percent (3%) per annum, together with all other amounts payable by the Borrower under the Agreement (as hereinafter defined).

This Note has been executed under and pursuant to a Loan Agreement dated as of the date hereof between MDA and the Borrower (the "Agreement") which Agreement is incorporated herein in its entirety by reference. This Note is issued to evidence the obligation of the Borrower under the Agreement includes provisions for prepayment of this Note. In the event that the terms of this Note conflict with the terms of the Agreement, the terms of the Agreement shall control.

As provided in the Agreement and subject to the provisions thereof, payments hereon are to be made to MDA at the address specified in the Agreement and on the dates and in the amounts as specified in the Agreement.

If payment hereunder becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Mississippi, the due date thereof shall be extended to the next succeeding business day. Upon the occurrence of an event of default under the Agreement, the entire amount outstanding under this Note may be declared due and payable as provided in the Agreement. Upon such declaration, the Borrower shall pay all costs, disbursements, expenses and reasonable attorney's fees of MDA in seeking to enforce their rights under the Agreement and this Note.

The Borrower (a) waives diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and notice of any renewals of extensions of this Note and (b) agrees that the time for payment of this Note may be extended at the sole discretion of MDA without impairing its liability hereon. Any delay on the part of MDA in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one (1) default shall not operate as a waiver in the event of any subsequent or continuing default.

This Note must be signed and attested by duly authorized officers of the Borrower and sealed with the seal of the Borrower.

This Note shall be governed and construed in accordance with the laws of the State of Mississippi.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed in its name all as of the day and year first above written.

(S E A L) **City of Picayune**

Attest

_____ By_____

Title_____ Title_____

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

Motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to recess until March 20, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

March 20, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, March 20, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Spiers, Councilmembers Lucian Roberson, Mark Thorman, and Leavern Guy, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Councilmember Leavern Guy, followed by the Pledge of Allegiance.

PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the minutes of the Mayor and City Council dated March 6, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Budget Report for the month of February 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Concilmember Thoman, seconded by Councilmember Roberson, to acknowlwedge receipt of the monthly Privilege License Report for February, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bate and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN QUITCLAIM DEEDS

Upon request of the City Clerk, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Mayor to sign quitclaim deeds to Carmen Michelle Famularo for 1997 taxes on parcel #617-521-000-00-037-01 and to Paula Kay Frierson for 1997 taxes on parcel # 617-521-000-00-037-02. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER SEMI-ANNUAL BID AWARD FOR SUPPLIES

Upon recommendation of the Purchasing Agent, motion was made by Councilmember Thoman, seconded by Councilmember Roberson, to accept the low bids as listed below in response to the semi-annual bids for supplies for April 1, 2001 through September 31, 2001:

Chlorine in 150 lb. cylinder, including delivery to sewerage treatment plant	49.50	DPC Enterprises
Oxygen – Welding 244 cu ft per cylinder	6.50	Nordan Smith
Acetylene – 100 cu ft	12.80	Nordan Smith
30X36 Trash Bags, 1.5 Mill, black or brown, 52 per box or roll	3.78	DynaPak
Concrete Pipe		
12" reinforced	10.96	Choctaw
15" reinforced	11.37	Choctaw
18" reinforced	12.57	Choctaw
21" reinforced	17.06	Choctaw
24" reinforced	20.73	Choctaw
27" reinforced	25.56	Choctaw
30" reinforced	28.73	Choctaw
36" reinforced	40.70	Choctaw
42" reinforced	50.87	Choctaw
48" reinforced	66.28	Choctaw
54" reinforced	81.17	Choctaw
60" reinforced	98.40	Choctaw
18"X11" reinforced arch pipe	21.32	Choctaw
22"X13" reinforced arch pipe	22.72	Choctaw
29"X18" reinforced arch pipe	28.38	Choctaw
36"X23" reinforced arch pipe	34.00	Choctaw
44"X27" reinforced arch pipe	47.14	Choctaw
58"X36" reinforced arch pipe	77.23	Choctaw
65"X40" reinforced arch pipe	94.20	Choctaw
73"X45" reinforced arch pipe	117.03	Choctaw
88"X54" reinforced arch pipe	161.51	Choctaw
51"X31" reinforced arch pipe	61.00	Choctaw
Concrete Manholes		
48"X36" precast cone section	56.00	Choctaw
48" precast riser section	56.00	Choctaw
70"diam.X6" thick precast manhole bottom	110.00	Choctaw
48" precast flat slab top	95.00	Choctaw
4" concrete adjusting ring	13.20	Choctaw
6" concrete adjusting ring	20.00	Choctaw
4" flexible coupling	30.00	Choctaw

6" flexible coupling	33.00	Choctaw
8" flexible coupling	37.00	Choctaw
10" flexible coupling	40.00	Choctaw
12" flexible coupling	44.00	Choctaw
Cast iron manhole ring & cover (400 lbs.)	186.00	Choctaw
Polyethylene Culvert Pipe (per foot)		
8 in. diam. smooth interior pipe	1.98	Advanced Drainage Systems
10 in. diam. smooth interior pipe	2.77	Advanced Drainage Systems
12 in. diam. smooth interior pipe	3.35	Advanced Drainage Systems
15 in. diam. smooth interior pipe	4.40	Advanced Drainage Systems
18 in. diam. smooth interior pipe	6.40	Advanced Drainage Systems
24 in. diam. smooth interior pipe	10.00	Advanced Drainage Systems
30 in. diam. smooth interior pipe	16.05	Advanced Drainage Systems
36 in. diam. smooth interior pipe	20.00	Advanced Drainage Systems
42 in. diam. smooth interior pipe	29.25	Advanced Drainage Systems
48 in. diam. smooth interior pipe	35.00	Advanced Drainage Systems

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Robersson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN RENTAL AGREEMENT WITH EDDIE YOUNG GYMNASTICS

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the mayor to sign the following agreement with Eddie Young Gymnastics regarding the rental of a portion of the old National Guard Armory:

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CITY OF PICAYUNE AND EDDIE YOUNG GYMNASTICS

The City of Picayune and Eddie Young agree to the following conditions pertaining to the use of a portion of the City-owned former Armory Building for gymnastics activities:

That portion of the City Owned Former Armory Building, includes the main center hall area and shared restrooms.

The CITY agrees to provide or permit the following on the premises of the former Armory Building:

1. Eddie Young may place equipment within the Armory only for the purpose of gymnastic activities. Mr. Young must receive written approval from the City Manager to place equipment on site which is not related to gymnastics. Batting cages, storage of household equipment, and equipment not related to gymnastics activities will not be allowed to be stored on this site by Mr. Young.
2. Eddie Young shall use the armory only for activities related to gymnastics activities. Mr. Young must receive written approval from the City Manager to orgmize activities other than gymnastics activities on this site.

3. The City will provide water, sewer, gas and electricity to the Armory building for use by the tenants.
4. The City shall be responsible for all repairs to the facility over $500.
5. The City will make regularly scheduled monthly inspections of the premises to insure safety and compliance with building codes and compliance with this agreement.
6. The City will have the authority to make unscheduled inspections of the premises.
7. The City will maintain the plumbing and electrical fixtures within the building.
8. The City will maintain the air conditioning and heating for the facility.
9. The City will maintain the roof, walls, foundations, windows, doors, heating and cooling equipment.

Eddie Young Gymnastics will:

1. Furnish a schedule of the use of the facility which includes dates and times of gymnastics activities.
2. Maintain the building to standard building codes, informing the City of regular maintenance problems and a regular cleaning schedule, and will notify the City of any maintenance problems.
3. Maintain bathrooms and keep the entire building clean.
4. Provide keys to all locks within the building. Mr. Young must have written permission from the City Manager to change locks located within the facility.
5. Provide proof of insurance for contents and liability within the building.
6. Provide proof of non-profit status.
7. Perform such work on the building at no cost to the City as may be agreed upon by the parties. Such repair will include, but may not be limited to:
   A. Paint as needed
   B. Within restrooms
      1. Replace light bulbs
      2. Paint
      3. Purchase and install door signs
      4. Keep doors in working and lockable condition
8. Mr. Young will be responsible for all maintenance items which cost under the amount of $500.
9. Mr. Young shall not have access to the kitchen area or the rear yard.
10. Mr. Young shall not have access to the three side rooms being used by the City of Picayune.
11. Mr. Young will be responsible for maintaining the parking area in front of the facility.
12. Mr. Young will be responsible for the repair of vandalism within the area which he has access to. Repairs will be made according to City specifications.
13. Mr. Young must provide adequate supervision at all times when the facilities are in use.
14. When requested by the City, render to the City all accounting of all sums received and disbursed in connection with projects undertaken.
15. Mr. Young will not sublease any portion of the said premises.
16. Rent in the amount of $213 for this facility will be due on the fifth of each month.

Mr. Young shall be solely responsible and answerable for damages, any and all accidents or injuries to persons (including death) and to property. Mr. Young, as part of the consideration for leasing or otherwise using the former Armory Building agrees to assume full responsibility and liability, and shall indemnify and hold harmless the City of Picayune against and from any and all claims, demands, actions, rights of action, liabilities, losses, judgements, costs, expenses, and attorney fees which shall or may arise by virtue of anything done or omitted to be done by Mr. Young, including through or by its agents, employees, guests, invitees, or other respresentatives arising out of, claimed on account of, or any manner predicted upon the use of said facility. Mr. Young further agrees to assume full responsibility and liability for, and to indemnify the City of Picayune against and from any and all risk of loss of theft, vandalism, destruction, or otherwise, of any and all items of personal property belonging to the organization, group of members thereof, or any third party which in and about said facility, regardless of whether or not said loss relates to, or arises out of, the use of said facility and, in addition, said organization or group agrees to indemnify and hold the City of Picayune, its agents and servants, and employees harmless from and against all claims and expenses for same, including attorney fees.

Mr. Young hereby agrees to comply strictly with all ordinances of the City of Picayune, Mississippi and the laws of the State of Mississippi while performing under the terms of this contract. Mr. Young agrees that upon violation of any covenants and agreements herein contained, on account of any act of omission of commission of Mr. Young, the City may, at its option, terminate and/or cancel this contract.

Mr. Young agrees to comply with the Title of the Civil Rights Act of 1964, assuring that no person will be excluded from participation in or be denied benefits of referral services under the terms of this contract or otherwise subjected to discrimination on the ground of race, sex, color, national origin or handicap.

Notwithstanding any of the other provisions contained in this contract, the City of Picayune shall maintain the right to terminate this contract upon proper notice which shall be in writing and shall be provided to Mr. Young at least thirty (30) days prior to the intended date of cancellation.

This lease will be in effect from April 1, 2001 to March 31, 2002.

Signed and dated_____

For Eddie Young _____ For the City of Picayune _____

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR SECTION 617-515-004 BLOCK 6 PARCEL 9, BLOCK 11 LOT 6

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to set the date and time of April 17, 2001 at 6:00 p.m. for a property cleanup public hearing for Section 617-515-004 Block 6, Parcel 9, Block 11 Lot 6. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 1115 ROSA STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to set the date and time of April 17, 2001 at 6:00 p.m. for a property cleanup public hearing for 1115 Rosa Street. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SURPLUS PROPERTY

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to surplus lots 54 and 55 in

the Rosa Street Redevelopment Area and to authorize the Grants Administrator and the Purchasing Agent to advertise for bids on the lots. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SURPLUS PROPERTY

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thoman, seconded by Councilmember Roberson, to surplus Lot 1, Block D of the Rosa Addition and to authorize the Grants Administrator and the Purchasing Agent to advertise for bids on the lots. The following roll call vote was taken:

VOTING YEA: Mayor Spierrs, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

EMPLOYEE OF THE MONTH

Upon recommendation of the Police Chief, Animal Control Officer Daniel Braun was declared Employee of the Month for March 2001. Officer Braun was presented with a $50.00 savings bond from Union Planters Bank.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to assist the Picayune Memorial High School NJROTC in traveling to Pensacola, FL for national competition in the amount of $650.00 to advertise the resources of the City and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to advertise the resources of the City by assisting the Picayune Memorial High School DECA Club in traveling to Anaheim, CA for national competition in the amount of $1,000 and authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR WORKSHOP TO DISCUSS THE PROPOSED TAX ABATEMENT PROGRAM

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to set March 22, 2001, 4:00 p.m. to discuss the proposed tax abatement program. The following roll call vote was recorded.

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER APPROVAL OF CONTRACT FOR SOLID WASTE COLLECTION AND DISPOSAL

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to table any action on the proposed contract with Waste Management for solid waste collection and disposal. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

AT THIS TIME COUNCILMEMBER MCQUEEN ENTERED THE MEETING

ORDER TO AUTHORIZE CITY MANAGER TO CHALLENGE 2000 CENSUS COUNT

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to authorize the City Manager to challenge the 2000 Census numbers when official count is received based on the fact that the web site shows a decrease in the City's population over the 1990 census. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

REGULAR MEETING DATED MARCH 20, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss a matter involving the purchase of property, a matter involving the sale or lease of property, two contractual matters and a matter of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman ,Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter involving the purchase of property, a matter involving the sale or lease of property, two contractual matters and a matter of potential litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter involving the purchase of property, a matter involving the sale or lease of property, two contractual matters and a matter of potential litigation and took no action.

ORDER TO RECESS

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to recess until March 22, 2001 at 5:30 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman , Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

March 22, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Thursday, March 22, 2001, at 5:30 p.m. in recessed session with the following officials present: Mayor Spiers, Councilmembers Lucian Roberson, Leavern Guy, and Kelly McQueen, City Manager Sabrina Diamond, and City Attorney Gerald Cruthird.

It Being Determined a quorum was present, the following proceedings were held.

CONSIDER APPROVAL OF MANUAL CHECKS

Upon request of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember McQueen, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Entex	Utility	$ 26,754.00
Prior Energy	Utility	$ 168,980.00
Gulf South	Utility	$ 15,103.50
Williams Energy	Utility	$ 1,052.28

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter executive session to discuss a contractual matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a contractual matter.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Guy, seconded by Councilmember Roberson, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a contractual matter and took no action.

AUTHORIZE CITY MANAGER TO ENTER INTO FORMAL CONTRACT NEGOTIATIONS FOR AMBULANCE SERVICES WITH EMERGYSTAT, INC.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the City Manager to enter into formal contract negotiations for ambulance services with Emergystat, Inc. in connection with their proposal for such services. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councimembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates and Thorman

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to recess until March 29, 2001 at 5:30 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

March 29, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Thursday, March 29, 2001, at 5:30 p.m. in recessed session with the following officials present: Mayor Spiers, Councilmembers Lucian Roberson, Jonas Bates, and Leavern Guy, City Manager Sabrina Diamond, and City Attorney Gerald Cruthird.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO ADOPT PROCLAMATION RELATED TO "OPHIA L. JOHNSON DAY"

Motion was made by Councilmember Guy, seconded by Councilmember Bates, to adopt the following proclamation related to "Ophia L. Johnson Day":

PROCLAMATION

In appreciation of her lifetime accomplishments, and in honor of her 86th birthday, April 1, 2001 is hereby proclaimed "Ophia L. Johnson Day" in the City of Picayune, Mississippi.

The City of Picayune
This 29th day of March, 2001

_____
Woody Spiers, Mayor

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

ORDER TO CONSIDER BID AWARD ON PAVING PROJECT

Motion was made by Councilmember Bates, seconded by Councilmember Roberson, to award the bid on the FY2000-2001 paving project to Huey Stockstill, Inc. who submitted the low bid of $369,806.20. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

RECESSED MEETING DATED MARCH 29, 2001

ORDER TO CONSIDER APPROVAL OF MAGNOLIA AIR I, LLC LEASE

The Mayor and City Council, acting for and on behalf of the City of Picayune, Mississippi (the "City"), took up for consideration the matter of entering into a Lease Agreement by and between the City and Magnolia Air I, LLC ("Magnolia") in order to lease to Magnolia real property that is part of the City of Picayune Municipal Airport upon which the City and Magnolia will construct certain improvements. After discussion of the subject, Councilmember Guy offered and moved the adoption of the following resolution:

RESOLUTION APPROVING THE FORM OF AND EXECUTION OF A LEASE AGREEMENT BY AND BETWEEN THE CITY AND MAGNOLIA AIR I, LLC ("MAGNOLIA") AND A SUB-LEASE AGREEMENT BY AND BETWEEN MAGNOLIA AND CHEVRON U.S.A., INC.

WHEREAS, the City has the authority under Section 61-5-5 of the Mississippi Code of 1972, as amended, to develop, construct, improve, maintain, operate and regulate the City of Picayune Municipal Airport (the "Airport");

WHEREAS, the City also has the authority under Section 61-5-11 of the Mississippi Code of 1972, as amended, to lease Airport property;

WHEREAS, the City desires to lease certain Airport property to Magnolia under a Lease Agreement ("Lease Agreement"), which requires the City and Magnolia to construct certain improvements upon the property;

WHEREAS, Magnolia is entering into a certain Sub-Lease Agreement ("Sub-Lease") with Chevron under which Chevron will operate part of its Gulf of Mexico helicopter business from the Airport and the City must approve of any sub-lease and sub-tenant under the Lease Agreement;

WHEREAS, the Mayor and city Council of the City of Picayune (the "Governing Body") desires to enter into the Lease Agreement and approve the Sub-Lease Agreement for the purpose of facilitating and promoting economic development and growth of the City of Picayune and the Airport; and

WHEREAS, the Governing Body has determined that it is in the best interest of the City and finds it necessary to approve the form of and the execution of the Lease Agreement and the form of the Sub-Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:

SECTION 1. The Governing Body hereby approved the form of and execution of the Lease Agreement and hereby authorizes the Mayor and the Clerk of the Governing Body to execute the Lease Agreement on behalf of said Governing Body. All provisions of the Lease Agreement, when executed as authorized herein, shall be incorporated herein, and shall be deemed to be part of this Resolution fully and to the same extent as if separately set out verbatim herein, which said Lease Agreement shall be in substantially the form as provided in EXHIBIT A hereto, with such completions, changes, insertions and modifications as shall be approved by the officers executing and delivering the same.

SECTION 2. The Governing Body hereby approves the form of the Sub-Lease Agreement. All provisions of the Sub-Lease Agreement shall be incorporated herein, and shall be deemed to be party to this Resolution fully and to the same extent as if separately set out verbatim herein, which said Sub-Lease Agreement shall be in substantially the form as provided in EXHIBIT B hereto, with such completions, changes, insertions and modifications as shall be approved by Magnolia.

SECTION 3. All orders, resolutions or proceedings of this Governing Body in conflict with the provisions of this resolution shall be and are hereby repealed, rescinded and set aside, but only to the extent of such conflict.

SECTION 4. For cause, this resolution shall become effective immediately upon the adoption thereof.

RECESSED MEETING DATED MARCH 29, 2001

Councilmember Bates seconded the motion to adopt the foregoing resolution, and the question being put to a roll call vote, the result was as follows:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

1

LEASE AGREEMENT

STATE OF MISSISSIPPI
PEARL RIVER COUNTY

THIS LEASE AGREEMENT is made as of the _____ day of _____,2001, by and between THE CITY OF PICAYUNE, MISSISSIPPI, a municipal corporation organized and existing under the laws of the State of Mississippi (the "Landlord") and MAGNOLIA AIR I, LLC, a Mississippi limited liability company (the "Tenant").

RECITALS:

A. Landlord owns that certain parcel of property situated in Pearl River County, State of Mississippi, as more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein (the "Land"). The Land is adjacent to the Picayune Municipal Airport as hereinafter more particularly described and defined (the "Airport"), which is also owned and operated by the Landlord. The Land and Airport are more particularly shown on the site plan attached hereto as Exhibit B and made a part hereof as though set forth in full herein (the "Site Plan").

B. The Landlord desires to lease and demise to Tenant the Land together with certain site work and other improvements to be constructed thereon by the Landlord, and Tenant desires to lease and rent from Landlord the Land together with said site work and other improvements to be constructed thereon by Landlord, for the term and upon and subject to the terms and conditions hereinafter more particularly set forth.

C. The Tenant intends to construct the Building as hereinafter more particularly described and defined, and to sublease said Land, Building and improvements to Chevron U.S.A. Inc. or an Affiliate thereof (hereinafter, together with its successors and assigns, referred to as "Chevron"), for use as a facility for the maintenance, support, servicing and repair of Chevron's helicopters and other aircraft, providing a home base for Chevron's helicopters and other aircraft used in connection with its Gulf Coast operations, operating a communications and/or distribution center for Chevron's Gulf Coast operations, conducting the business of a commercial common carrier pursuant to Tenant's commercial common carrier license, and for any related lawful purposes ("Chevron's Intended Use").

D. Landlord has determined that the construction of the site work and other improvements to be provided by Landlord hereunder, the lease to Tenant of the Land and the building and improvements to be constructed thereon by Landlord under this Lease, the construction of said building and other improvements on the Land by the Tenant, and the Sublease of said Land, building and improvements from Tenant to Chevron for the initial use thereof for Chevron's Intended Use, will promote the economic development and growth of the City of Picayune and of the Airport, will create jobs and stimulate the local economy in the City of Picayune and the County of Pearl River, and will promote and protect the public interest of the citizens of the City of Picayune and County of Pearl River.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, Landlord and Tenant do hereby mutually covenant and agree as follows:

RECESSED MEETING DATED MARCH 29, 2001

ARTICLE I
DEFINITIONS AND ATTACHMENTS

Section 1.1. Certain Defined Terms. In addition to the words and terms defined elsewhere in this Lease, the following words and terms used in this Lease (inclusive of both their singular and plural forms) shall have the following meanings unless the context clearly indicates a different meaning or intent:

"Affiliate" means, when used with reference to any party to this Lease or any Subtenant, (a) any Person who directly or indirectly through one or more intermediaries owns or controls a five percent (5%) or greater ownership or voting interest in such party; (b) any Person in which a five percent (5%) or greater ownership or voting interest, directly or indirectly through one or more intermediaries, is owned or controlled by or is under common ownership or control with such party to this Lease; or (c) any Person in which a five percent (5%) or greater ownership or voting interest, directly or indirectly through one or more intermediaries, is under common ownership or control with any Person or Persons referred to in clauses (a) or (b) above.

"Airport" means the Picayune Municipal Airport as more particularly shown on the Site Plan attached hereto as Exhibit B, together with all buildings, fixtures, equipment, driveways, access roads, utility and drainage facilities, runways, taxiways and other improvements now or hereafter situated thereon, including but not limited to the Washing Facility to be constructed by Landlord as hereinafter provided.

"Building" means that certain Building containing approximately Thirty-Seven Thousand Eight Hundred Forty-Seven (37,847) square feet of gross leaseable area to be constructed on the Land by Tenant in the approximate location as shown on the Site Plan, together with all other improvements to be constructed on the Land by Landlord under the Sublease, as the same may exist from time to time.

"Chevron" means Chevron U.S.A. Inc., a Pennsylvania corporation, or any Affiliate thereof, together with its successors and assigns as Subtenant under the Sublease.

"Completion Date" means the date of Substantial Completion of the Phase I Site Work to be constructed by Landlord in accordance with the terms and provisions of this Lease.

"CPI" means the Consumer Price Index - U.S. City Average For All Items For All Urban Consumers (1982-84 = 100) published monthly by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau of Labor Statistics changes the base period for computing the CPI or otherwise revises the manner in which the CPI is determined, an adjustment shall be made in the revised index which would produce results equivalent, as nearly as possible, to those which would be obtained hereunder if the CPI were not so revised. If the CPI becomes unavailable because publication is discontinued or otherwise, there shall be substituted therefor a comparable index designated by Landlord and approved by Tenant (which approval shall not be unreasonably withheld or delayed), based upon changes in the cost of living or the purchasing power of the consumer dollar, published by an agency of the federal government or in the absence thereof, by a nationally-recognized financial reporting service.

"Environmental Law" means and includes any and all existing and future federal, state and local laws, statutes, codes, ordinances, rules, rulings, regulations, permits, orders and interpretations relating to (a) emissions, discharges, spills, releases or threatened releases of any Hazardous Substances onto land or ambient air, surface water, ground water, water courses, publicly or privately owned treatment works, drains, sewer systems, wet lands or septic systems, or (b) the use, treatment, storage, disposal, handling, manufacturing, transportation or shipment of any Hazardous Substances, or (c) the protection of human health or the environment, all as heretofore or hereafter promulgated, modified or amended.

"Default Rate" means the rate of interest equal to the lesser of: (a) the maximum rate of interest then allowed by applicable law, or (b) the rate of interest equal to the Prime Rate in effect from time to time plus two percent (2.0%) per annum.

"Feasibility Period" means the period commencing on the Effective Date of this Lease and continuing to and including the first to occur of the following dates: (a) the date that is two hundred seventy (270) days after the date on which Landlord completes the delivery to Tenant of all of the Title Evidence required to be delivered by Landlord to Tenant under Section 2.1 of this Lease, or (b) such earlier date as Tenant may designate as the last day of the Feasibility Period in any written notice given by Tenant to Landlord at any time prior to the expiration of the period indicated in clause (a) of this sentence.

"General Contractor" means the Person or Persons from time to time selected or approved by Landlord to construct the Landlord's Site Work on the Land as herein provided. The parties acknowledge that the Landlord may contract with different Persons to serve as General Contractor for the Phase I Site Work and as General Contractor for the Phase II Site Work.

"Governmental Authority" means and includes any and all federal, state and local governmental entities, agencies, departments, boards, courts, judicial or quasi-judicial bodies and legislative or quasi-legislative bodies, present and future, which now or hereafter have or exercise any executive, legislative, judicial, regulatory or administrative functions.

"Hazardous Substances" means and includes Petroleum (as hereinafter defined) and any and all other substances, materials and wastes (a) the presence of which requires special handling, storage, investigation, identification, notification, monitoring or remediation under any existing or future federal, state or local law, statute, code, ordinance, rule, ruling, regulation, permit, order or interpretation, or (b) which are toxic, explosive, corrosive, erosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, or (c) which are or become regulated by any Governmental Authority.

"Land" means that certain parcel of real property situated in the County of Pearl River, State of Mississippi, as more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein.

"Landlord Parties" means and includes the Landlord and its officers, agents, servants and employees, and its and their heirs, personal representatives, successors and assigns of all of the foregoing.

"Lease" means this Lease Agreement as the same may be modified or amended from time to time by mutual written agreement of Landlord and Tenant in accordance with the terms and provisions hereof.

"Leased Premises" means the Land and the Leasehold Improvements to be constructed on the Land by Landlord in accordance with the terms and provisions of this Lease, the Building and other improvements to be constructed on the Land by the Tenant in accordance with the terms and provisions of the Sublease, and any and all alterations thereof and additions thereto at any time constructed on the Land by Landlord or Tenant in accordance with the terms and provisions of this Lease or the Sublease, as the same may exist from time to time.

"Leasehold Improvements" means the portion of the Site Work that will be constructed by Landlord on the Land and that will be included in the Lease of the Land from Landlord to Tenant.

"Mortgage" means and includes any and every mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document of any and every kind that is or may be given by Tenant at any time or from time to time and that constitutes a lien upon all or any part or parts of the Tenant's interests in, to or under the Leased Premises, this Lease and/or the Sublease, whether the same shall be in existence on the date hereof or created hereafter. The term "Mortgage" may also mean and include any mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document of any and every kind that is or may be given by a Subtenant with the Tenant's prior written consent (which consent may be granted or withheld in Tenant's sole, absolute and uncontrolled discretion) and that constitutes a lien upon all or any part or parts of such Subtenant's interests in, to or under the Leased Premises and/or such Subtenant's Sublease, whether the same shall be in existence on the date hereof or created hereafter; provided, however, that the term "Mortgage" shall not include any mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document that is or may be given at any time by any Subtenant without first obtaining the Tenant's prior written consent.

"Mortgagee" means the party or parties having the benefit of a Mortgage.

"Person" means any natural person or any corporation, general partnership, limited partnership, limited liability partnership, limited liability company, trust, business trust, cooperative or association or any other business entity of any kind.

"Petroleum" means and includes, without limitation, all oil and petroleum and all oil and petroleum products, fractions and derivatives of any kind and in any form including but not

limited to oil, petroleum, fuel oil, oil sludge, oil refuse, oil mixed with other waste, crude oil, gasoline, diesel fuel, helicopter fuel, airplane fuel, jet fuel and kerosene.

"Prime Rate" means the per annum interest rate identified as the Prime Rate as now reported in the Money Rates section of The Wall Street Journal, adjusted from time to time as and when said Prime Rate as reported in said newspaper is changed; provided, however, if The Wall Street Journal shall cease publication or shall cease to report the Prime Rate, the term "Prime Rate" shall mean and refer to the Prime Rate or a comparable rate designated by Landlord as reported in The Wall Street Journal or, if The Wall Street Journal is no longer published, as reported in another nationally-recognized financial newspaper that is published daily at least five (5) days a week (exclusive of bank holidays) and that is designated as a replacement newspaper by the Landlord.

"Rental" means Fixed Monthly Rent and Additional Rent payable by Tenant to Landlord hereunder, as provided in Article VII hereof.

"Rental Adjustment Period" means and refers to successive periods of five (5) Rental Years each following the expiration of the first five (5) Rental Years of the Term of this Lease. The first Rental Adjustment Period shall commence on the first day of the sixth (6th) Rental Year, and the subsequent Rental Adjustment Periods shall commence on each five-year anniversary date thereafter.

"Rental Commencement Date" means the first to occur of the following dates: (a) the date the Subtenant enters into possession of the Leased Premises and commences the payment of base rent to Tenant under the terms and provisions of the Sublease, (b) One Hundred Twenty (120) days after the Landlord completes all of the Phase I Site Work and Phase II Site Work, or (c) the date Tenant elects to commence payment of Fixed Monthly Rent to Landlord by written notice to Landlord in accordance with Section 6.2 of this Lease.

"Rental Year" means each successive period of twelve (12) full calendar months during the Term of this Lease following the Rental Commencement Date; provided, however, if the Rental Commencement Date occurs on any day other than the first day of a calendar month, the first Rental Year shall commence on the Rental Commencement Date and shall end at the close of the twelfth full calendar month following the Rental Commencement Date.

"Site Plan" means the site plan that shows the Land and the Airport and the approximate locations of the Building, Washing Facility and other improvements to be constructed thereon in accordance with this Lease; a copy of said Site Plan is attached hereto as Exhibit B and made a part hereof as though set forth in full herein.

"Site Work" means and includes both the Phase I Site Work and the Phase II Site Work as enumerated on Exhibits "C" and "D" attached hereto, respectively, and consists generally of the following: (a) all grading and related site work on the Land; (b) the installation of the pad site and building pad for the Building (but not the concrete slab or footings for the Building, which shall be Tenant's responsibility); (c) the installation of the concrete apron, taxiways, driveways, entrance drive and all related work as shown on the Site Plan, (d) the installation of all lines and facilities required to provide adequate storm water drainage, potable water, sanitary sewer, electricity, gas, telephone and all other utility services to and for the Leased Premises and all other property served and to be served thereby (including but not limited to the installation of said water, sanitary sewer, electricity, telephone and other utility lines and facilities to points designated by Landlord that lie within five (5) feet from the exterior walls of the Building, and the dedication of permanent easements for all such storm water drainage and utility lines and facilities to the appropriate governmental authorities and/or utility companies, and the acceptance of said easements for maintenance by said governmental authorities and utility companies, all upon terms and conditions reasonably acceptable to Tenant); (e) pump, pump house and water storage tank adequate to provide sufficient water pressure for the fire protection system to be installed in the Building (the "Water Tank"), and (f) the construction and installation of the Washing Facility on a portion of the Airport property adjoining the Land. All of the Site Work shall be performed by Landlord in accordance with the terms and provisions of Article VIII of this Lease and the Site Work Plans and Specifications to be prepared by Landlord and approved by Tenant as provided in Section 8.1 hereof. The Site Work shall consist of two separate phases, as follows:

(i) The "Phase I Site Work" shall mean and refer to that portion of the Site Work that is more particularly described in Exhibit "C" attached hereto and made a part hereof as though set forth in full herein; and

(ii) The "Phase II Site Work" shall mean and refer to that portion of the Site Work that is more particularly described in Exhibit "D" attached hereto and made a part hereof as though set forth in full herein.

"Site Work Plans and Specifications" means the plans and specifications for the Site Work to be constructed and installed by Landlord, which plans and specifications shall be prepared by Landlord and approved by Tenant as provided in Section 8.1 hereof. The Site Work Plans and Specifications shall include both the Phase I Plans and Specifications and the Phase II Plans and Specifications, as said terms are defined in Section 8.1 hereof.

"Sublease" means the sublease agreement to be entered into between the Tenant, as sublandlord, and Chevron, as subtenant, as the same may be modified or amended from time to time by written agreement between the Tenant and Chevron, under and pursuant to which the Tenant will sublease the Leased Premises to Chevron for a term and in accordance with terms and provisions set forth therein, and also includes any other sublease agreement at any time and from time to time entered into by Tenant, as sublandlord, and any other Person, as subtenant, under and pursuant to which the Tenant may sublease the Leased Premises or any part or parts thereof to such other Person, as the same may be modified or amended from time to time by written agreement between the Tenant and such other Person.

"Substantial Completion" means the Phase I Site Work to be performed by Landlord is substantially complete in accordance herewith except as noted in the punch list, all construction debris except for the debris associated with ongoing final completion has been removed and the Leased Premises are clean, such that the Tenant can occupy or utilize the Leased Premises for the completion of the Building and other improvements to be constructed by Landlord or Tenant in accordance with the terms and provisions of the Sublease.

"Subtenant" means and includes Chevron and any other Person that now or hereafter subleases all of any part or parts of the Leased Premises under any existing or future Sublease.

"Tenant Parties" means and includes the Tenant, the Tenant's manager or general partner (if any), the Tenant's Mortgagee, any Subtenant and all of their respective successors and assigns, and all of the respective officers, directors, shareholders, members, managers, partners, agents, servants and employees of all of the foregoing, and all of the respective heirs, personal representatives, successors and assigns of all of the foregoing.

"Term" means and includes the Preliminary Term, the Original Term and any and all Option Terms during which this Lease continues in force and effect as hereinafter provided. As used herein:

(a) **"Preliminary Term"** means the period commencing on the Effective Date (as hereinafter defined) of this Lease and continuing until the Rental Commencement Date.

(b) **"Original Term"** means the period commencing on the Rental Commencement Date and continuing for a period of fifteen (15) Rental Years thereafter.

(c) **"Option Terms"** shall have the meaning as defined in Section 6.3 hereof.

"Washing Facility" means that certain helicopter and aircraft Washing Facility to be constructed by Landlord at the Airport in the approximate location as shown on the Site Plan and substantially in accordance with the Site Work Plans and Specifications.

Section 1.2. Additional Defined Terms. The following additional terms (inclusive of both their singular and plural forms) are defined in the places in this Lease noted below:

Term	Section
"Additional Rental"	7.1
"Chevron's Intended Use"	Recital C
"Effective Date"	28.17
"Excused Delay"	8.1
"Fixed Monthly Rent"	7.1
"Force Majeure"	28.6
"Landlord's Adjoining Parcel"	5.3
"Landlord's Reserved Easements"	5.3

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"Minimum Standards"	4.1(f)
"Permitted Exceptions"	2.3
"Proposed Bonds"	24.3
"Rental"	7.1
"Rules and Regulations"	4.1(f)
"Tenant's Easements"	5.1(c)
"Tenant's Work"	10.1
"Title Commitment"	2.1
"Title Company"	2.1
"Title Evidence"	2.1
"Title Policy"	2.1

Section 1.3. Attachments. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto, shall be deemed to be a part hereof:

Exhibit "A"	-	Legal Description of the Land
Exhibit "B"	-	Site Plan
Exhibit "C"	-	Phase I Site Work
Exhibit "D"	-	Phase II Site Work
Exhibit "E"	-	Attornment Agreement

ARTICLE II
TITLE EVIDENCE

Section 2.1. Title and Survey. Within thirty (30) days after the Effective Date of this Lease, Landlord shall deliver to Tenant all of the following (hereinafter sometimes referred to collectively as the "Title Evidence"):

(i) A title insurance commitment issued by Lawyers Title Insurance Corporation or another national title insurance company acceptable to Tenant (the "Title Company") for a standard 1992 ALTA Form B Leasehold Policy of Title Insurance covering the Leased Premises, including the Land and all improvements to be constructed thereon and the use and benefit of all easements granted by Landlord to Tenant hereunder, together with an ALTA Owner's Comprehensive Endorsement, an ALTA Survey Endorsement, an ALTA Access Endorsement (insuring the Land's right of access to and from the adjoining public road known as Runway Road), an ALTA Utilities Endorsement (insuring the availability of all utilities at the boundary lines of the Land), an ALTA Zoning endorsement, an ALTA waiver of arbitration endorsement and such other endorsements as Tenant or its Mortgagee may require, together with legible copies of all existing instruments referred to in the requirements shown on Schedule B-1 of said title commitment and legible copies of all instruments listed as exceptions in Schedule B-2 of said title insurance commitment, and legible copies of all (if any) easements, agreements and other rights appurtenant to or which benefit said Leased Premises (the "Title Commitment"). The Title Commitment shall obligate the Title Company to issue to Tenant a 1992 ALTA Form B Landlord Policy of Title Insurance in the amount of Two Million Four Hundred Thousand and No/100 Dollars ($2,400,000.00) with the endorsements thereto as specified above, insuring that Landlord owns a marketable fee simple absolute title in and to the Land, and insuring Tenant's leasehold estate in and to the Leased Premises under this Lease, the use and benefit of the easements granted to Tenant hereunder and the legality, validity and enforceability of this Lease for and during the entire Term hereof (including the Preliminary Term, Original Term, any and all Option Terms as provided hereunder), free and clear of any liens or encumbrances of any kind other than the Permitted Exceptions as hereinafter defined, and with deletion of all standard exceptions for matters of survey, rights of parties in possession and mechanics' or materialmen's liens, and affirmative coverage against the right to disturb the surface of the Leased Premises as the result of the exercise of any oil, gas, mineral or mining rights or reservations (the "Title Policy").

(ii) A Closing Protection Letter in form and content acceptable to Tenant, issued by the Title Company to the Tenant with respect to the Title Company's agent who issues the Title Commitment and who will issue the Title Policy as contemplated herein.

(iii) An ALTA survey prepared by a registered Mississippi land surveyor acceptable to Tenant (the "Surveyor"), which survey shall include the Land and all easements conveyed to Tenant hereunder, and shall include a certification by the Surveyor to the Tenant and its Mortgagee that the survey was made in accordance with the 1992 Minimum Standard Detail Requirements for ALTA/ASCM Land Title Surveys and pursuant to the accuracy standards of a Class B Urban Survey as defined therein (the "Survey").

Section 2.2. Title Examination. Tenant shall have until the expiration of the Feasibility Period to examine the Title Commitment and Survey and to make any objections it may have thereto, which objections shall be made in writing and sent to Landlord or its counsel on or before the expiration of the Feasibility Period, and to obtain the Final Title Policy as required hereunder. If Tenant shall fail to make any objections to the Title Commitment or Survey on or before the expiration of the Feasibility Period, Tenant shall be deemed to have accepted the form and substance of the Title Commitment and Survey, and all matters that are shown as exceptions to title on Schedule B-2 of the Title Commitment and that are not objected to by Tenant shall be included as Permitted Exceptions. If Tenant makes any objections to the Title Commitment or Survey (or both), the Landlord shall exert its best efforts to cure such objections so as to permit the Title Company or Surveyor to remove the matters objected to or to provide affirmative insurance with respect thereto in form and content satisfactory to Tenant. If such objections are not cured by Landlord within a period of sixty (60) days following its receipt of Tenant's objection notice, then Tenant at its option may elect to either (i) waive such objection(s) and continue this Lease in accordance with the terms and provisions set forth herein; (ii) cure such objections at Tenant's or its Subtenant's expense, in which event Landlord shall reimburse Tenant and its Subtenant for all costs and expenses (including but not limited to reasonable attorneys' fees) paid or incurred by Tenant or its Subtenant to cure same together with interest thereon until paid at the Default Rate; (iii) enforce specific performance of this Lease to require Landlord to cure any such objections that are capable of being cured by Landlord; or (iv) terminate this Lease, in which event neither party will have any further rights or obligations hereunder. The Tenant shall pay the premium for the Title Commitment and Title Policy required hereunder, and Landlord shall pay all fees, costs and expenses for the Survey required hereunder.

Section 2.3. Permitted Exceptions. This Lease shall be subject to the following matters, which are referred to herein as the "Permitted Exceptions":

(i) The lien of ad valorem taxes which are not yet due and payable;

(ii) Landlord's Reserved Easements; and

(iii) Any covenants, restrictions, easements or rights of way affecting the Leased Premises which exist as of the Effective Date of this Lease and which are not objected to by Tenant within the time periods as provided above.

ARTICLE III
FEASIBILITY PERIOD

Section 3.1. Feasibility Period and Right to Terminate. During the Feasibility Period, the Tenant and its architects, engineers, surveyors, consultants, contractors, agents, servants and employees shall have the right to enter upon the Land for the purpose of performing such surveys, studies, examinations and tests (including but not limited to soil tests and environmental tests) as the Tenant may deem appropriate, to conduct market surveys and analysis, obtain an environmental evaluation and an environmental impact study, negotiate financing, verify zoning, arrange for curb cuts onto adjoining public highways and resolve any questions with respect to access to the Land, ascertain utility availability, prepare and obtain necessary approvals of Tenant's development plans, negotiate and enter into the Sublease, and in general to determine the feasibility of the Land for Tenant's intended development and use thereof. Tenant agrees to fill any test borings and to repair any damages to the Land caused by Tenant's activities as permitted pursuant to this Section; provided, however, notwithstanding anything to the contrary provided herein, Tenant shall not be liable for or obligated to repair any damage attributable in whole or part to any one or more of the following:

(a) The discovery of any Hazardous Substances on or in the vicinity of the Land;

(b) Any pre-existing defect in or condition of the Land;

(c) The spread of any Hazardous Materials already present on or in the vicinity of the Land; or

(d) The acts or omissions of Landlord or any third parties.

Should Tenant, in its sole and absolute discretion, determine during the Feasibility Period that it desires to terminate this Lease for any reason or for no reason whatsoever, the Tenant shall have the right to terminate this Lease by written notice sent to Landlord pursuant to the notice provisions of this Lease at any time prior to the expiration of the Feasibility Period, whereupon this Lease shall be terminated and of no further force or effect and neither party will have any

further obligations hereunder. Unless Tenant terminates this Lease by written notice to Landlord on or before the last day of the Feasibility Period, this Lease shall continue in full force and effect upon and subject to the terms and provisions hereof.

ARTICLE IV
WARRANTIES AND REPRESENTATIONS

Section 4.1. Landlord's Warranties and Representations. Landlord makes the following covenants, warranties and representations to Tenant, each of which shall be continuous covenants, warranties and representations and shall remain in full force and effect throughout the Term of this Lease:

(a) Landlord is duly incorporated as a municipal corporation under the statutes and laws of the State of Mississippi and has full power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations and agreements hereunder. The Landlord is not in default under any of the provisions contained in its charter, certificate of incorporation, bylaws or other governing documents or under any of the statutes or laws of the State of Mississippi.

(b) The execution and delivery of this Lease by the Landlord, the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with, be in violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which the Landlord is now a party or is subject, or the charter, certificate of incorporation, bylaws or other governing document of the Landlord, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of Landlord's governing body or of any other federal, state or local government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Landlord.

(c) By proper municipal action by Landlord's board, the Landlord has duly authorized the execution and delivery of this Lease.

(d) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Landlord as conditions precedent to the execution, delivery and performance by the Landlord of this Lease have been obtained.

(e) The Landlord has determined that the Lease of the Leased Premises to Tenant will promote the economic development and growth of the City of Picayune, will stimulate the local economy and will promote and protect the public interest of the City of Picayune.

(f) Landlord adopted on October 17, 2000 the Rules and Regulations of the City of Picayune Municipal Airport (the "Original Rules and Regulations"), adopted on October 3, 2000 Minimum Standards for the City of Picayune Municipal Airport (the "Original Minimum Standards"), and adopted on March 6, 2001, the modifications and amendments of said Original Rules and Regulations and Original Minimum Standards as evidenced by a memorandum of understanding between Landlord, Tenant and Chevron (the "Memorandum of Understanding"). True and correct copies of the Original Rules and Regulations, Original Minimum Standards and Memorandum of Understanding are attached to this Lease as Exhibit F and made a part hereof as though set forth in full herein. As used in this Lease, the term "Rules and Regulations" shall mean and refer to the Original Rules and Regulations as modified and amended by the Memorandum of Understanding, and the term "Minimum Standards" shall mean and refer to the Original Minimum Standards as modified and amended by the Memorandum of Understanding. Landlord agrees that it shall provide Tenant copies of any amendments, changes and/or modifications to the Rules and Regulations and Minimum Standards within five (5) days after adopting said amendment, changes and/or modifications; provided, however, notwithstanding anything to the contrary provided herein or in the Rules and Regulations or Minimum Standards, Landlord acknowledges and agrees that neither Tenant nor any Subtenant shall be bound by any amendments, changes and/or modifications made without its prior written consent.

Section 4.2. Tenant's Warranties and Representations. The Tenant makes the following covenants, warranties and representations to the Landlord, each of which shall be continuous covenants, warranties and representations and shall remain in full force and effect throughout the Term of this Lease:

(a) Tenant is duly organized as a limited liability company under the laws of the State of Mississippi, and is duly qualified to transact business in the State of Mississippi as a limited liability company. Tenant is not in default under any of the provisions contained in its

articles of organization or its operating agreement. By proper limited liability company and/or corporate action, the Tenant's member has been duly authorized to execute and deliver this Lease.

(b) The execution and delivery of this Lease by the Tenant, the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with, be in violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which the Tenant is now a party or is subject, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Tenant.

(c) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required to be obtained by the Tenant as conditions precedent to the execution and delivery by the Tenant of this Lease have been obtained.

(d) Tenant has received a copy of the Rules and Regulations and Minimum Standards and agrees to comply with the terms and provisions thereof to the extent applicable to Tenant's activities at the Leased Premises and the Airport.

Section 4.3. Joint Representation. Landlord and Tenant have both reviewed and approved this Lease and the Sublease and do hereby covenant and agree that this Lease and the Sublease are in compliance with the Rules and Regulations and the Minimum Standards.

ARTICLE V
LEASED PREMISES

Section 5.1. Demise. Landlord hereby leases and demises to Tenant, and Tenant hereby rents and leases from Landlord, all of the following property and easements for the Term and upon and subject to all of the terms and provisions contained in this Lease:

(a) The Land more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein, together with all rights, easements and appurtenances thereunto appertaining;

(b) The Leasehold Improvements to be constructed on the Land by Landlord as provided in this Lease;

(c) Landlord hereby grants Tenant the following easements for and during the Term of this Lease:

(i) A non-exclusive easement for vehicular and pedestrian ingress and egress on, over and across the existing road known as "Runway Road" as described on Exhibit A attached hereto and as shown on the Site Plan attached hereto as Exhibit B, for the use and benefit of Tenant, its successors, assigns and Subtenants, and its and their licensees and contractors, and all of their respective agents, servants, employees, licensees, invitees and permittees. Landlord agrees to dedicate the right of way of Runway Road as a public road prior to the completion of the Phase II Site Work;

(ii) A non-exclusive easement for pedestrian, vehicular and aircraft ingress and egress on, over and across the common facilities at the Airport intended for said purposes, as same may exist from time to time, for the use and benefit of the Tenant, its successors, assigns and Subtenants, and its and their licensees and contractors, and all of their respective agents, servants, employees, licensees, invitees and permittees;

(iii) A non-exclusive right and easement for surface water drainage from the Leased Premises on, over and across the Airport and any and all storm drainage facilities now or hereafter installed therein or thereunder; and

(iv) A non-exclusive right and easement to install, maintain, repair, replace and use lines and related facilities for storm water drainage, water, sewer, electricity, gas, telephone, cable and other utilities on, over, under and across portions of the Airport lying outside of any buildings or similar structures at any time constructed thereon, for the purpose

of providing said utilities to and for the benefit of the Leased Premises and the Building and other improvements to be constructed thereon

(sometimes referred to herein collectively as the "Tenant's Easements"). Landlord shall be responsible for the installation, maintenance and repair of the Tenant's Easements as provided in this Lease Agreement. If requested by Tenant, Landlord agrees to dedicate said utility and storm drainage easements to the appropriate governmental authority or public or private utility company.

TO HAVE AND TO HOLD unto the Tenant, its successors and assigns, for and during the Term of this Lease, upon and subject to the terms and conditions hereof.

Section 5.2. Quiet Enjoyment. Landlord covenants, warrants and represents to Tenant that Landlord owns marketable fee simple title in and to the Land and also any and all other real property that is or will be encumbered by the easements granted to Tenant under this Lease, free and clear of any liens or encumbrances whatsoever, subject only to the Permitted Exceptions; that Landlord has full right, power and authority to enter into this Lease and to perform its obligations and agreements hereunder; and that, provided Tenant complies with its obligations and agreements under this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Leased Premises and the easements granted hereunder for and during the Term of this Lease, and Landlord shall warrant and forever defend the Tenant's leasehold estate in and to the Leased Premises together with the easements granted to Tenant hereunder for and during the Term of this Lease, subject only to the Permitted Exceptions.

Section 5.3. Landlord's Reserved Easements. The Landlord does hereby reserve, and Tenant acknowledges and agrees that this Lease shall be subject to, the following easements (sometimes referred to herein as the "Landlord's Reserved Easements"):

(a) Landlord does hereby reserve a non-exclusive easement for pedestrian, vehicular and aircraft ingress and egress on, over and across the proposed concrete apron to be constructed on the Leased Premises as shown on the Site Plan, and a non-exclusive easement for vehicular (but not pedestrian or aircraft) ingress and egress on, over and across the proposed driveway to be constructed on the Leased Premises as shown on the Site Plan. The concrete apron easement shall be for the use and benefit of Landlord and its successors and assigns in title in and to the Airport and that certain tract or parcel of property owned by Landlord and identified on the Site Plan as the Landlord's adjoining parcel (hereinafter sometimes referred to as the "Landlord's Adjoining Parcel"), together with its and their tenants, subtenants, licensees and contractors, but the driveway easement shall be limited to the Landlord's maintenance personnel in connection with the operation, maintenance and repair of the Washing Facility. The concrete apron easement shall be for the purpose of providing pedestrian, vehicular and aircraft ingress and egress between the Airport and the Landlord's Adjoining Parcel on, over and across the proposed concrete apron to be constructed on the Land as shown on the Site Plan, and the driveway easement shall be for the purpose of providing vehicular (but not pedestrian or aircraft) ingress and egress during normal business hours between the Washing Facility and Runway Road on, over and across the proposed driveway to be constructed on the Land as shown on the Site Plan. The Tenant and/or its Subtenant shall have the right to close and deny access to said driveway during any and all periods that neither the Tenant nor its Subtenant or other occupant of the Leased Premises is open for business therein; provided, however, that Landlord shall be provided a key to unlock the gate or other means for Landlord's employees to have access to said driveway at all times, but Landlord agrees that its employees shall keep said gate locked during periods the Leased Premises is not open for business. Both of said easements shall be non-exclusive and shall be subject to the rights of the Tenant and its Subtenant to use said easement areas for all lawful uses and purposes that do not conflict with this easement.

(b) Landlord reserves the non-exclusive right and easement to install, maintain, repair, replace and use lines and related facilities for storm water drainage, water, sewer, electricity, gas, telephone, cable and other utilities on, over, under and across portions of the Land lying outside the Building and any other buildings or other structures at any time constructed on the Land, upon and subject to the terms and conditions hereinafter set forth. Said easement shall be for the sole purpose of providing said utilities to the Airport and the Landlord's Adjoining Parcel. The Tenant and its Subtenant shall have the right to approve the location of said easements and of any and all lines and other facilities installed therein. Landlord shall provide Tenant and its Subtenant not less than thirty (30) days' prior written notice together with complete plans and specifications for the proposed utility lines and other facilities before entering the Land for the purpose of installing, maintaining, repairing or replacing any such utility lines or other facilities pursuant to this easement; provided, however, in cases of emergencies that cause an imminent threat to the safety or lives of any natural persons or damage to or destruction of any property, the Landlord may enter upon the Land for the purpose of making emergency repairs to said lines or

other facilities after giving verbal or telephone notice to Tenant and its Subtenant followed by the written notice required hereunder.

Section 5.4. **Installation, Maintenance and Use of Easements**. Landlord shall be solely responsible for all costs and expenses incurred in connection with constructing, installing, maintaining, repairing and replacing any and all driveways, runways, taxiways, storm drainage facilities, utility lines and facilities and other improvements at any time installed or maintained by it under or pursuant to the Tenant's Easements and Landlord's Reserved Easements, and shall indemnify and hold the Tenant Parties harmless from and against any and all such costs and expenses and any and all mechanics' liens, materialmen's liens and other liens that may be asserted by any Person or Persons in connection therewith; provided, however, Landlord shall not be obligated to repair any damages caused by Tenant or its Subtenant, which damages shall be the responsibility of the party who causes same. All work in connection with the Tenant's Easements and Landlord's Reserved Easements shall comply with all building, safety, fire and other codes and governmental and insurance requirements; shall not result in any usages in excess of the existing capacities for water, sanitary sewer, electricity, gas, storm water draining and other utilities unless prior written arrangements satisfactory to Tenant and its Subtenant are made with respect thereto; and shall be completed promptly and in a good and workmanlike manner. All of the Tenant's Easements and Landlord's Reserved Easements shall be installed, maintained, repaired, replaced, used and operated in such a manner as will not unreasonably interfere with the Tenant or its Subtenant, or its or their agents, servants, employees, contractors, licensees, invitees or permittees. The Tenant's Easements shall be for the non-exclusive use and benefit of Tenant, its successors and assigns in interest in and to the Leased Premises, and its and their Subtenants and contractors, and all of their respective agents, servants and employees; and all of the Tenant's Easements shall be subject to the right of the Landlord, and its or their respective contractors, agents, servants and employees, to use the Airport for all lawful purposes as permitted under this Lease. The Landlord's Reserved Easements shall be for the non-exclusive use and benefit of Landlord, its successors and assigns in interest in and to the Landlord's Adjoining Parcel, and its and their tenants, subtenants and contractors, and all of their respective agents, servants and employees; and all of the Landlord's Reserved Easements shall be subject to the right of the Tenant and its Subtenant, and its and their respective contractors, agents, servants and employees, to use the Leased Premises for all lawful purposes as permitted under this Lease. Landlord, for itself and its successors and assigns in interest in and to the Landlord's Adjoining Parcel, agrees to repair and replace any and all damages to the Leased Premises or to the Building or any other buildings, structures, improvements or other property (real, personal or mixed) now or hereafter located on, in or about the Leased Premises or used in connection therewith, arising from or as the result of or in any way connected with the use or enjoyment of the Tenant's Easements or Landlord's Reserved Easements.

ARTICLE VI
TERM

Section 6.1. **Preliminary Term**. The Preliminary Term shall commence on the Effective Date of this Lease and shall continue until the Rental Commencement Date. During the Preliminary Term, Tenant and its architects, engineers, surveyors, consultants, contractors, agents, servants and employees shall have the right to enter upon the Leased Premises for all lawful purposes as permitted under this Lease, and Tenant shall perform its obligations and agreements under this Lease to the extent applicable to the period included within the Preliminary Term; provided, however, notwithstanding anything to the contrary provided herein, it is understood and agreed that the Tenant shall not be obligated hereunder to pay any Fixed Monthly Rent or any Additional Rental during the Preliminary Term.

Section 6.2. **Original Term**. The Original Term of this Lease shall commence on the Rental Commencement Date and shall continue for a period of fifteen (15) Rental Years thereafter. In the event the Rental Commencement Date has not occurred on or before December 31, 2002, Landlord shall have the right to send Tenant and Chevron a written notice (the "Landlord's Termination Notice") advising Tenant and Chevron that Landlord will terminate this Lease unless Tenant elects to commence the Original Term of this Lease and to commence payment of Fixed Monthly Rent to Landlord on or before a date to be specified by Tenant, which date shall not be later than sixty (60) days following Tenant's and Chevron's actual receipt of Landlord's Termination Notice. Thereafter, Tenant shall have the right to send Landlord a written notice (the "Rental Commencement Date Notice") advising Landlord of the Rental Commencement Date, which date shall not be later than sixty (60) days following Tenant's and Chevron's actual receipt of the Landlord's Termination Notice. If Tenant fails to send the Rental Commencement Date Notice within sixty (60) days following its actual receipt of Landlord's Termination Notice, Landlord shall have the right to terminate this Lease upon ten (10) days' prior written notice to Tenant, in which event the Term of this Lease shall terminate and neither party will have any further rights or obligations hereunder (subject, however, to the rights of any Mortgagee as

provided hereunder). Landlord and Tenant agree, upon demand of the other, to execute a declaration, in recordable form, expressing the commencement date and termination date of the Original Term when the Rental Commencement Date has been determined.

Section 6.3. Option Terms. The Term of this Lease shall be automatically renewed for up to twenty-five (25) successive periods of one (1) Rental Year each (each, an "Option Term" and collectively, the "Option Terms"), unless Tenant notifies Landlord in writing at least ninety (90) days prior to the expiration of the Original Term or then current Option Term (as the case may be) that the Lease will not be renewed following the expiration of such Original Term or Option Term, in which event the Term of this Lease shall expire on the last day of the Original Term or Option Term during which Tenant gives Landlord written notice that the Term of this Lease will not be renewed; provided, however, in the event any of the Proposed Bonds are issued to finance the Tenant's Work as contemplated in Section 24.3 of this Lease, then and in such event the number of Option Terms available to Tenant hereunder shall be automatically increased from twenty-five (25) successive Option Terms to a total of up to sixty-five (65) successive Option Terms, and the Term of the Lease shall be automatically renewed for up to sixty-five (65) successive Option Terms of one (1) Rental Year each unless Tenant notifies Landlord in writing at least ninety (90) days prior to the expiration of the Original Term or then current Option Term (as the case may be) that the Lease will not be renewed following the expiration of such Original Term or Option Term, in which event the Term of this Lease shall expire on the last day of the Original Term or Option Term during which Tenant gives Landlord such written notice that the Term of this Lease will not be renewed. Each Option Term shall be for the same Rental and upon and subject to the same covenants, conditions and agreements as the Original Term, except that Tenant shall not have any further right to extend or renew the Term of this Lease after the expiration of the Maximum Term as provided above. It is the intent and agreement of the parties to this Lease that the Term of this Lease shall be automatically renewed for each successive Option Term as provided above unless and until Tenant gives Landlord written notice as provided above that the Term of this Lease will not be renewed. Any non-renewal of the Term of this Lease prior to the expiration of the Term of any Sublease then in effect shall be subject to the rights of the Subtenant as set forth in Section 22.2 of this Lease.

Section 6.4. Termination. Unless sooner terminated as provided herein, but subject to Section 6.3 above, this Lease shall terminate on the last day of the Term hereof without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate or quit the Leased Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of the Leased Premises from a tenant holding over to the same extent as if statutory notice had been given.

ARTICLE VII
RENTAL

Section 7.1. Rentals Payable. Within thirty (30) days after the Effective Date of this Lease, Tenant agrees to pay Landlord the sum of Five Hundred and No/100 Dollars ($500.00) as the total rent for the Preliminary Term (the "Preliminary Term Rent"). From and after the Rental Commencement Date, Tenant covenants and agrees to pay to Landlord as rental ("Rental") for the Leased Premises, the following:

(a) During the first five (5) Rental Years of the Term, Tenant shall pay Landlord Fixed Monthly Rent at the rate of Five Hundred and No/100 Dollars ($500.00) per month (the "Fixed Monthly Rent"), prorated on a per diem basis for any partial month, for each month during the Term of this Lease following the Rental Commencement Date (including both the Original Term and any and all Option Terms that may be exercised by Tenant); said Fixed Monthly Rent shall be adjusted during the Rental Adjustment Periods as hereinafter provided; and

(b) Tenant shall pay all other sums, charges and amounts of whatever nature to be paid by Tenant to Landlord in accordance with the provisions of this Lease (herein collectively referred to as "Additional Rental").

Section 7.2. Adjustments of Fixed Monthly Rent. Subject to any minimum and maximum increases hereinafter set forth, the Landlord and Tenant agree that the Fixed Monthly Rent reserved hereunder during each Rental Adjustment Period this Lease continues in force and effect shall be increased to reflect any increases in the CPI. The Fixed Monthly Rent during each such Rental Adjustment Period shall be adjusted by multiplying the Fixed Monthly Rent payable during the first five (5) Rental Years of the Term by a fraction, the numerator of which shall be the CPI for the month immediately preceding the commencement of the Rental Adjustment Period for which the adjustment is to be made, and the denominator of which shall be the CPI for the calendar month preceding the Rental Commencement Date; provided, however, notwithstanding the amount of any increase or decrease in the CPI, the Landlord and Tenant agree that: (a) in no

event shall the Fixed Monthly Rent during any Rental Adjustment Period be less than the Fixed Monthly Rent during the first five (5) Rental Years or during the immediately preceding Rental Adjustment Period of this Lease, as the case may be; and (b) the Fixed Minimum Rent during said Rental Adjustment Periods shall not under any circumstances increase by more than fifteen percent (15%) in excess of the Fixed Monthly Rent that was in effect during the first five (5) Rental Years of the Term or during the immediately preceding Rental Adjustment Period, as the case may be. During each such Rental Adjustment Period, the Fixed Monthly Rent as so increased shall be paid by Tenant to Landlord in equal monthly installments, payable in advance on the first day of each month. Tenant shall continue to make monthly payments based on the Fixed Monthly Rent which was in effect during the previous Rental Year until such time as the parties can determine the amount of the revised Fixed Monthly Rent. Tenant shall pay any such additional Fixed Monthly Rent for the months already elapsed within a period of thirty (30) days after making such determination, and thereafter shall make monthly rent payments based on the revised Fixed Monthly Rent. The Tenant shall not be released from its obligation to pay any such increase in Fixed Monthly Rent as the result of Landlord's failure to notify Tenant of any such increase within a reasonable time following the commencement of a Rental Adjustment Period, or as the result of Landlord's acceptance of Fixed Monthly Rent at the prior rate following the commencement of any such Rental Adjustment Period.

Section 7.3. Fixed Monthly Rent. Following the Rental Commencement Date, Fixed Monthly Rent shall be due and payable without prior demand, deduction or offset in equal monthly installments in advance on the first day of each full calendar month during the Term. If the Original Term does not commence on the first day of a calendar month, then any prorated Fixed Monthly Rent for the period from the Rental Commencement Date to the first day of the first full calendar month in the Original Term shall be paid within seven (7) days after the Rental Commencement Date.

Section 7.4. Payment of Rental. Tenant shall pay all Rental when due and payable without any setoff, deduction or prior demand therefor whatsoever. If Tenant shall fail to pay any Rental within seven (7) days after the same is due, in addition to interest thereon until paid at the Default Rate, Tenant shall be obligated to pay a late payment charge equal to five (5%) percent of any Rental payment not paid when due to reimburse Landlord for its additional administrative costs. In addition, any Rental which is not paid within seven (7) days after the same is due shall bear interest at the Default Rate from the first day due until paid. Any Additional Rental which shall become due shall be payable, unless otherwise provided herein, with the next installment of Fixed Monthly Rent. Rental shall be paid and delivered to the Landlord's notice address as set forth herein or to such other address as Landlord may, from time to time, designate in a notice to Tenant. Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant to Landlord shall be treated as a payment on account and shall not be treated as an accord and satisfaction. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon or upon any letter accompanying such check that such lesser amount is payment in full shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may then or thereafter have against Tenant.

ARTICLE VIII
CONSTRUCTION OF SITE WORK

Section 8.1. Site Work Plans and Specifications. (a) Landlord at its cost shall cause its engineers, Allen and Hoshall and Dungan Engineering P.A. (collectively, the "Landlord's Engineer"), to prepare plans and specifications for the Phase I Site Work and the Phase II Site Work, respectively. Within thirty (30) days after the date this Lease has been fully executed by both parties, Landlord shall submit to Tenant a complete set of Landlord's preliminary plans and specifications for the Phase I Site Work (the "Preliminary Phase I Plans"), which preliminary plans and specifications shall be in accordance with Exhibit C attached hereto. Not later than ten (10) days after Tenant receives the Preliminary Phase I Plans, Tenant shall review and notify Landlord in writing of Tenant's approval or disapproval of the Preliminary Phase I Plans. Any disapproval notice shall specify, with reasonable particularity, the reason or reasons for such disapproval. If Tenant disapproves the Preliminary Phase I Plans, Landlord shall revise the Preliminary Phase I Plans and resubmit such revised Preliminary Phase I Plans to Tenant within ten (10) days after Landlord's receipt of Tenant's disapproval notice. Within ten (10) days after Tenant's receipt of such revised Preliminary Phase I Plans, Tenant shall review and notify Landlord in writing of Tenant's approval or disapproval of such revised Preliminary Phase I Plans. Any disapproval notice shall specify, with reasonable particularity, the reason or reasons for such disapproval. If Tenant disapproves such revised Preliminary Phase I Plans, the procedures set forth above for revision and approval of the revised Preliminary Phase I Plans shall be repeated until the Preliminary Phase I Plans are finally approved by Tenant and Landlord. The Preliminary Phase I Plans, as finally approved by Tenant and Landlord in accordance with the procedure set

forth in this Section 8.1(a), shall constitute and shall be known as the "Phase I Plans and Specifications." Within forty-five (45) days after the date this Lease has been fully executed by both parties, Landlord shall submit to Tenant a complete set of Landlord's preliminary plans and specifications for the Phase II Site Work ("Preliminary Phase II Plans"), which preliminary plans and specifications shall be in accordance with Exhibit D attached hereto. The procedure for approval, disapproval and revision of the Preliminary Phase II Plans shall be in accordance with the same procedure as set forth above for approval, disapproval and revision of the Preliminary Phase I Plans. The Preliminary Phase II Plans, when and as finally approved by Tenant and Landlord in accordance with said procedures, shall constitute and shall be known as the "Phase II Plans and Specifications." The final Phase I Plans and Specifications and Phase II Plans and Specifications shall constitute and shall be known as the "Site Work Plans and Specifications." The approved Site Work Plans and Specifications shall not be modified or amended except in accordance with the procedures set forth in Section 8.1(b) hereof.

(b) Any change or revision to the Site Work Plans and Specifications authorized by the Tenant in writing after the date the Tenant has approved the Site Work Plans and Specifications as provided above will be treated as a change order requested by the Tenant. Landlord will advise Tenant in writing of the cost of the change order and any anticipated delay in Substantial Completion that will result from the change order, and, if such change order shall cause a delay, the delay shall constitute a Tenant Delay as hereinafter defined. The Tenant shall then advise Landlord in writing of its acceptance or rejection of the change order within fifteen (15) days after Landlord notifies Tenant of the costs and anticipated delay for such change order. The number of days Tenant takes to advise Landlord of its acceptance or rejection of the change order shall be a Tenant Delay. All costs paid or incurred by Landlord as the result of or in any way connected with any change orders requested or approved by Tenant (including but not limited to architectural and engineering fees and expenses, all costs and expenses for labor and materials and other construction costs, and any additional interest expense or other financing costs attributable to any delays caused by processing, approving and/or performing said change order) shall be paid for solely by Tenant to Landlord in advance of construction.

(c) Any responses required within a certain time period under this Section 8.1 shall be due by 4:00 p.m. (local time at the Leased Premises) on the date specified therefor. Any such response received by either party after 4:00 p.m. (local time at the Leased Premises) on any day shall be deemed to be received on the next day.

(d) The term "Tenant Delay" shall mean the sum of: (i) the number of days Tenant takes in providing any of Tenant's responses required or permitted under Section 8.1(b), (ii) the number of days of delay minus the number of days of gain caused by changes requested by Tenant to any aspect of the Site Work Plans and Specifications after the date hereof (including the number of days it takes to prepare and process any of the documents or drawings for such change order and any and all delays in or halting of construction as provided in Section 8.1[b]), (iii) the number of days of delay caused by Tenant's or its agents or contractor's interference (if any) in the construction or delay in processing General Contractor's submittals, plus (iv) the number of days of delay caused by the inclusion of any work or materials not shown on the original Site Work Plans and Specifications. Upon receipt of Tenant's written request to make any change to the Site Work Plans and Specifications, which change affects contract price or contract time, Landlord shall within fifteen (15) days either (A) provide Tenant with Landlord's reasonable good faith estimate of the increase or decrease in the number of days required to complete the Site Work occasioned by such change and the cost of such changes, which estimate shall be binding on Landlord and Tenant with respect to the calculation of Tenant or Landlord Delay, or (B) inform Tenant of the number of days it will take to make such a determination, in which case if Tenant still desires to request such changes Landlord will not stop any construction in progress while Landlord is evaluating or calculating the time required to implement a change unless requested by Tenant or unless in Landlord's or in General Contractor's reasonable judgment construction should be stopped.

(e) Whenever a period of time is prescribed in this Article VIII for action to be taken by Landlord or Tenant, Landlord and Tenant shall not be liable or responsible for, and there shall be excluded from the computation for such period of time, any delays due to strikes, riots, weather, fire, flood, any other casualties or acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other cause of any kind whatsoever which is beyond the reasonable control of Landlord or Tenant ("Excused Delay").

Section 8.2. Phase I Site Work. Subject to Excused Delay and Tenant Delay, and provided the Tenant does not terminate this Lease prior to the expiration or termination of the Feasibility Period, Landlord shall commence construction of the Phase I Site Work not later than the later of: (a) sixty (60) days after the Economic Development Association has approved the Phase I Plans and Specifications, or (b) ten (10) days after the expiration or termination of the Feasibility Period; and thereafter Landlord shall prosecute with diligence the construction of the Phase I Site Work

and shall complete same substantially in accordance with the Phase I Plans and Specifications not later than sixty (60) days after the commencement of the Phase I Site Work.

Section 8.3. Substantial Completion. When the Landlord considers the Phase I Site Work to be approaching Substantial Completion, the Landlord shall notify the Tenant (Landlord shall give Tenant seven [7] days' notice of the anticipated date of Substantial Completion), and on the basis of an inspection, Landlord and Tenant shall determine if the Phase I Site Work has reached Substantial Completion. Landlord will then prepare a certificate of substantial completion, which shall establish the date of Substantial Completion of the Phase I Site Work, and shall have the punch list items listed therein. The inspection and issuance of the certificate of substantial completion shall be completed within twelve (12) business days after Landlord's notification. Warranties required by this Lease with respect to the Phase I Site Work shall commence on the date of Substantial Completion of the Phase I Site Work. The certificate of substantial completion shall be signed by the Tenant, the Landlord and the General Contractor to evidence their written acceptance of the responsibilities assigned to them in such certificate. Tenant agrees that it shall not unreasonably withhold, delay or condition its approval of the certificate of substantial completion, and Tenant shall not be required to take possession of the Leased Premises until Tenant has accepted the certificate of substantial completion. Landlord shall exercise due diligence to complete the items on the punch list within ten (10) days of receipt of the certificate of substantial completion from Tenant, subject to Tenant Delays, Excused Delay and Force Majeure.

Section 8.4. Phase II Site Work. Within fifteen (15) days following the date the Tenant commences construction of the Tenant's Work, the Landlord shall commence construction of the Phase II Site Work in accordance with the Phase II Plans and Specifications. Each party shall perform its respective construction work and related activities so as not to (a) cause any unreasonable increase in the cost of construction of the other party's work or any part thereof, (b) unreasonably interfere with any work being performed by the other party, or (c) unreasonably interfere with the use, occupancy or enjoyment of the remainder of the Land or the Airport or any part thereof by the other party or its respective contractors, tenants, subtenants or other occupants or licensees. Each party, as respects its construction activities, shall use good faith efforts to cause its architects, engineers and contractors to cooperate and coordinate its and their construction activities with the architects, engineers, contractors and work of the other party to the extent reasonably practicable. Landlord agrees to complete the Phase II Site Work substantially in accordance with the Phase II Plans and Specifications not later than one hundred and five (105) days after the date Tenant commences construction of the Tenant's Work. When Landlord considers the Phase II Site Work to be approaching completion, the Landlord shall notify the Tenant and Landlord and Tenant shall follow the same procedure and shall each have the same rights and obligations with respect to the Phase II Site Work as provided in Section 8.3 hereof with respect to the Phase I Site Work.

Section 8.5. Supervision by Tenant's Contractor. Landlord at its expense shall retain Dungan Engineering, P.A. (the "Construction Manager") to serve as construction manager for and to supervise the performance of all of the Site Work. Landlord agrees that Tenant and the Tenant's general contractor, W. Chester Williams, Inc. (the "Tenant's Contractor"), shall have access to the Land and Airport for the purpose of inspecting and supervising the performance of the Site Work; that the Landlord's Construction Manager and General Contractor shall cooperate with the Tenant's Contractor and shall coordinate all of the Site Work with the Tenant's Contractor; that all of the Site Work shall be performed under the direction and supervision of both the Construction Manager and the Tenant's Contractor; and that Landlord shall require Landlord's General Contractor to repair or replace any defective or non-conforming Site Work identified by the Construction Manager or the Tenant's Contractor at no cost to Tenant. Landlord shall require its General Contractor and Construction Manager to hold a preconstruction conference with the Tenant's Contractor prior to commencing any of the Phase I Site Work or Phase II Site Work, and shall require its General Contractor to allow the Tenant's Contractor and Construction Manager an opportunity to inspect the construction site and to review all compaction tests and other tests and studies at the time the top soil is stripped from the construction site and following the installation of each lift of the building pad, and Landlord agrees that the Landlord's General Contractor shall not install any lifts for the building pad until the Construction Manager and Tenant's Contractor have approved all compaction tests and other studies and tests for the site and each prior lift installed by the Landlord's General Contractor. In the event the Phase I Site Work and/or Phase II Site Work is not substantially complete within the time periods as required under Sections 8.3 and 8.4 hereof, respectively, the Landlord agrees to enforce all available rights and remedies against the General Contractor and the surety on its payment and performance bond and to cooperate with the Tenant and the Tenant's Contractor and permit the Tenant and Tenant's Contractor to participate in the negotiations and discussions with the General Contractor and the surety on its payment and performance bond in order to complete the Phase I Site Work and/or the Phase II Site Work as expeditiously as possible.

RECESSED MEETING DATED MARCH 29, 2001

Section 8.6. Warranties. Notwithstanding Section 8.3 or 8.4 hereof, acceptance of the Phase I Site Work and Phase II Site Work by Tenant shall constitute a waiver of all claims by the Tenant except those arising from (a) latent defects which could not have been discovered upon the date of the certificate of substantial completion, (b) failure of the Phase I Site Work or Phase II Site Work to comply with the Site Work Plans and Specifications applicable to such Site Work, and (c) Landlord's failure to complete in due course the incomplete items, if any, described in the certificate of substantial completion (including the punch list items). Landlord shall be responsible for the items described in clauses (a) and (b) of the preceding sentence only for a period of one year from and after the dates of the certificates of substantial completion for the Phase I Site Work and Phase II Site Work, respectively. Landlord shall exercise due diligence in completing any item in clause (c) of this Section 8.6 and shall use its good faith efforts to minimize any disturbance to Tenant's operations in the Leased Premises. Additionally, Landlord shall provide Tenant with any equipment warranties obtained in connection with the purchase of equipment which is incorporated into Tenant's Leasehold Improvements. THE FOREGOING CONSTITUTES LANDLORD'S ONLY WARRANTY. ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY, SUITABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY NEGATED AND WAIVED.

Section 8.7. Intentionally Deleted.

Section 8.8. General Contractor's Insurance and Bonds. Landlord shall require each General Contractor that performs any Site Work to procure and maintain in full force and effect all of the following insurance coverages:

(a) Commercial general liability insurance together with coverages for Premises/Operations, independent contractor's protective, products and completed operations and contractual liability (the "Liability Insurance") in the minimum amount of not less than Two Million Dollars ($2,000,000.00) combined single limit, written on an occurrence policy form, covering bodily or personal injury, death and property damage arising out of or relating, directly or indirectly, to General Contractor's and its subcontractors' activities, operations, conduct and assumed liabilities;

(b) Automobile and other vehicle liability insurance (the "Vehicular Liability Insurance") in the minimum amount of not less than Two Million Dollars ($2,000,000.00) combined single limit, providing coverage on an occurrence basis and covering all owned, non-owned and hired automobiles, trucks and other vehicles used in connection with the General Contractor's and its subcontractors' operations and activities;

(c) Worker's compensation insurance in the statutory limits and employer liability insurance in the minimum amount of One Hundred Thousand Dollars ($100,000.00) (the "Contractual Liability and Employer Liability Policies"); said Contractual Liability and Employer Liability Policies shall both provide waiver of subrogation in favor of both Landlord and Tenant;

(d) Excess Liability Insurance (the "Excess Liability Insurance") in the minimum amounts of Five Million Dollars ($5,000,000.00) combined single limit, providing coverages in excess of the coverages provided under the General Contractor's Liability Insurance and Vehicular Liability Insurance; and

(e) Payment and performance bonds (the "Bonds") written in the amount of the contract sum for the Site Work performed by each such General Contractor.

All Liability Insurance, Vehicular Liability Insurance and Excess Liability Insurance required hereunder shall include the broadest form of contractual liability coverage in order to provide coverage to the maximum extent possible of General Contractor's indemnification obligations under its Site Work construction contract, and shall include both Landlord and Tenant and Tenant's Mortgagee as additional insureds by endorsements satisfactory in form and substance to Landlord and Tenant. All of the insurance required to be provided hereunder shall be issued by an insurance company with a rating of no less than A-/VIII in the current Best Insurance Guide, or that is otherwise acceptable to Seller, and admitted to engage in the business of insurance in the State of Mississippi; shall be primary insurance for all claims under it and shall provide that any

insurance carried by Landlord or Tenant is strictly excess, secondary and non-contributing with any insurance carried by General Contractor; and shall provide that such insurance may not be cancelled, non-renewed or the subject of material change in coverage except upon thirty (30) days' prior written notice to Landlord and Tenant. Prior to the commencement of Site Work, the General Contractor shall provide Landlord and Tenant a duplicate original or a legally enforceable certificate of insurance on all policies required to be provided by it under this agreement, together with satisfactory evidence of the payment of the premiums therefor. All Bonds provided by the General Contractor shall contain dual obligee riders in favor of Landlord and Tenant and a mortgagee rider in favor of Tenant's Mortgagee, and shall be written by a surety acceptable to both Landlord and Tenant. Landlord further agrees that any and all indemnities provided by its General Contractor shall be for the benefit and protection of both Landlord and Tenant.

ARTICLE IX
LANDLORD'S MAINTENANCE AND REPAIRS

Section 9.1. Landlord's Maintenance and Repairs. Landlord at its expense shall maintain in good condition and repair (a) the Tenant's Easements, (b) the Landlord's Reserved Easements, (c) the concrete apron, taxiways, driveways, entrance drives and related facilities installed by Landlord on the Land, and (d) all lines and facilities required to provide storm water drainage, potable water, sanitary sewer, electricity, gas, telephone and other utility services (excluding electricity and telephone) to and for the Leased Premises (including but not limited to maintenance and repair of all such utility lines and facilities to points lying within five [5] feet from the exterior walls of the Building, but not including any utility lines or facilities lying closer than five [5] feet from the exterior walls of the Building or lying within or under the Building); and Landlord at its expense shall promptly make all repairs and replacements to said improvements, and shall use reasonable precautions to prevent waste, damage or injury as the result of any such maintenance or repairs; provided, however, notwithstanding anything to the contrary provided herein, Landlord shall not be responsible for repairing any damages caused by Tenant or its Subtenant, which damages shall be the responsibility of the party who causes same. Landlord at its expense shall immediately repair any and all damages to the Building or other improvements or property caused by its maintenance or repairs hereunder.

ARTICLE X
TENANT'S CONSTRUCTION, ALTERATIONS AND REPAIRS

Section 10.1. Tenant's Construction.

(a) Following Substantial Completion of the Phase I Site Work by Landlord, Tenant shall have the right at its cost to construct the Building and other improvements to be constructed by it under the Sublease in the time and manner and substantially in accordance with the plans and specifications therefor as provided in the Sublease (the "Tenant's Work"). Said plans and specifications shall be in compliance with the Minimum Standards unless Landlord approves any deviations therefrom. In addition, Tenant shall have the right, at its own cost and expense, to construct and install on any part or all of the Leased Premises, at any time and from time to time, such buildings, structures, parking areas, driveways, sidewalks, landing pads, taxiways, aprons, landscaping and other similar and dissimilar improvements of any kind as Tenant shall from time to time determine, provided that the same shall be in compliance with all then applicable building codes and ordinances, or variances thereof approved by the governmental authority, agency, board or judicial tribunal having jurisdiction thereof.

(b) Prior to Substantial Completion of the Phase I Site Work, Tenant and its architects, engineers, consultants and contractors shall have access to the Leased Premises for the purpose of inspecting the progress of the Site Work and, at Tenant's option, for the purpose of commencing the construction of the Buildings and other improvements to be constructed on the Leased Premises by Tenant. Landlord and Tenant and their respective contractors, subcontractors and material suppliers shall cooperate with one another in order to avoid any interference with the other's work, and Tenant agrees that the Tenant's Contractor shall coordinate its work with the Construction Manager. During the period beginning on the date Tenant commences construction of the Building and related improvements to be constructed by it and continuing to and including the Rental Commencement Date, Tenant agrees to comply with all of its obligations and agreements under this Lease other than its obligation to pay Rental hereunder.

Section 10.2. Repairs and Maintenance. Except for repairs that are the responsibility of Landlord under this Lease, Tenant shall, at all times during the Term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in good condition and repair (damage or destruction by fire or other casualty, and ordinary wear and tear excepted), all

buildings and improvements at any time erected on the Leased Premises by Tenant, and shall use reasonable precautions to prevent waste, damage or injury.

Section 10.3. Alterations. Tenant may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements and additions in and to the Leased Premises, and the Building(s) and improvements thereon, as it may deem desirable, including the demolition of any Building(s) and improvements and/or structure(s) that now or hereafter may be situated or erected on the Leased Premises.

Section 10.4. Title to Improvements. Until the expiration or sooner termination of the Term of this Lease (subject, however, to the rights of the holder of any Mortgage to obtain a new lease as set forth herein), title to any and all Buildings, fixtures, equipment and other improvements at any time constructed or installed on or in or forming a part of the Leased Premises, and all other items installed thereon or therein, and any and all alterations, changes and additions thereto, shall at all times remain solely in Tenant; and, Tenant (and/or Tenant's members or partners) shall be entitled to deduct all depreciation on its or their income tax returns for any and all such Buildings, fixtures, equipment and/or other items, improvements, additions, changes or alterations. Upon the expiration or termination of this Lease, the ownership of said Building and permanent improvements (except as set out hereunder) constructed on the Leased Premises by Tenant shall belong to Landlord. All fixtures, equipment and other property placed on the Leased Premises by Tenant or any Subtenant, and any alterations or replacements thereof, shall remain the property of and may be removed by Tenant or such Subtenant; provided, however, that neither Tenant nor Subtenant shall have the right to remove any doors, windows or built-in plumbing, fire protection or HVAC fixtures that are installed by Tenant and that constitute a part of the Building.

Section 10.5. Surrender of Leased Premises. On the last day or sooner termination of the Term of this Lease, Tenant shall quit and surrender the Leased Premises, and the Buildings and permanent improvements then thereon, broom clean, and in good condition and repair (damage or destruction by fire or other casualty, and ordinary wear and tear excepted), subject to the *provisions of Section 22.2 and Articles XIX, XX and XXIV hereof.*

ARTICLE XI
LIENS

Section 11.1. Obligation to Keep Free of Liens. Each party to this Lease (hereinafter sometimes referred to as the "Contracting Party") shall keep the Leased Premises free from any liens arising from any work performed, materials furnished or obligations incurred by or at the request of the Contracting Party. If any lien is filed against the Leased Premises or Tenant's leasehold interest therein, the party who first receives notice of such lien shall immediately notify the other party, and the Contracting Party shall discharge said lien within thirty (30) days after learning that the lien has been filed. If the Contracting Party fails to discharge any lien within such period, *then, in addition to any other right or remedy of the other party, such other party* may, at its election, discharge the lien by either paying the amount claimed to be due or obtaining the discharge by deposit with a court or a title company or by bonding. The Contracting Party shall pay on demand any amount paid by the other party for the discharge or satisfaction of any lien, and all reasonable attorneys' fees and other legal expenses of the other party incurred in defending any such action or in obtaining the discharge of such lien, together with interest thereon until paid at the Default Rate. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 11.2. Right to Contest. Notwithstanding the foregoing, the Contracting Party may contest the amount or validity of any such lien, provided that (a) the Contracting Party shall post a surety bond or other security satisfactory to the other party and the Tenant's Mortgagee in order to stay any proceedings to collect the disputed amount or to enforce any lien therefor while such contest is *pending, (b) the Contracting Party shall pay the full amount due within ten (10) days* following a final determination of the amount due, and (c) the Contracting Party shall indemnify and hold the other party and the Tenant's Mortgagee and Subtenant harmless from and against any and all liabilities, claims of liability, penalties, damages, losses, costs and expenses of any and every kind, including but not limited to reasonable attorneys' fees, paid or incurred by or either of them arising from or as the result of or in any way connected with any such lien or any contest thereof or any failure to pay said lien when and as due. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 11.3. Subtenant. Tenant agrees to obtain a reciprocal covenant from its Subtenant under the Sublease, and Landlord agrees to look solely to the Subtenant for the payment and satisfaction of any liens arising from any work performed, materials furnished or obligations incurred by or at the request of the Subtenant.

RECESSED MEETING DATED MARCH 29, 2001

ARTICLE XII
USE AND MAINTENANCE

Section 12.1. Provided the Sublease with Chevron is in full force and effect, Tenant agrees that the Leased Premises shall be initially developed and used for Chevron's Intended Use; and thereafter, the Leased Premises may be used by Tenant or its Subtenant for any lawful use provided that such use shall not violate the Rules and Regulations or Minimum Standards. Tenant shall in its use and enjoyment of the Leased Premises observe and abide by, and shall exert good faith efforts to require its Subtenant and each of its and their respective contractors, invitees and licensees to observe and abide by, all laws, statutes, ordinances, rules and regulations, any certificate of occupancy. Tenant shall at all times use and maintain or exert good faith efforts to require the Subtenant to use and maintain the Leased Premises in a clean, careful, safe, lawful, and proper manner. Neither Tenant nor any of its employees, invitees or licensees shall cause, maintain or permit any nuisance in, on or about the Leased Premises or commit or suffer to be committed any waste in, on or about the Leased Premises.

ARTICLE XIII
ADJOINING AIRPORT

Section 13.1. Use of Adjoining Airport Facilities. Landlord and Tenant acknowledge that the Leased Premises is adjacent to the Airport; that Landlord owns and operates the Airport; and that Tenant and its Subtenant desire to use and have access to the facilities at the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and the driveways, access roads, runways, drainage and utility facilities, taxiways and any and all other improvements at the Airport. Landlord further understands, acknowledges and agrees that the continued operation of the Airport and the construction and operation of the Washing Facility are and will be and remain the primary inducements for Tenant to enter into this Lease and for Chevron as well as any subsequent Subtenant to enter into a Sublease. Accordingly, Landlord covenants and agrees (a) that it shall construct the Washing Facility in accordance with the Washing Facility Plans and Specifications and the terms and provisions of this Lease; (b) that the Landlord will continue to operate the Airport as a public airport facility at all times during the Term of this Lease (whether governed under the Municipal Airport Law, Section 61-5-1, *et seq.*, of the Mississippi Code of 1972, as amended [the "Code"], or the Airport Authorities Law, Section 61-3-1, *et seq.*, of the Code), subject only to temporary interruptions in the operation of said Airport as the result of Force Majeure; (c) that the Landlord shall maintain the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and all driveways, access roads, drainage and utility facilities, runways, taxiways and other improvements at the Airport, in good condition and repair and in compliance with all federal, state and local laws, statutes, codes, ordinances, rules, rulings, regulations, permits, licenses, orders and interpretations, including but not limited to all Environmental Laws; (d) that the Landlord at its expense shall promptly repair or replace any and all damage to or loss or destruction of the buildings and improvements at the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and all driveways, access roads, drainage and utility facilities, runways, taxiways and other improvements at the Airport; (e) that the Tenant and any and all Subtenants and other occupants of all or any part or parts of the Leased Premises, and its and their agents, servants, employees, contractors, licensees, permittees and invitees, shall have a non-exclusive right, license and easement at all times during the Term of this Lease to use the Washing Facility, the Water Tank, the Tenant's Easements and the driveways, access roads, drainage and utility facilities, runways, taxiways and other common facilities at the Airport for the purposes intended; and (f) that Landlord shall comply with and shall cause the Airport and all other occupants and operators at the Airport to comply with the Rules and Regulations and the Minimum Standards to the extent applicable to its or their respective operations and activities at the Airport. During the Term of this Lease, neither Landlord nor any of its successors or assigns will charge Tenant or any Subtenant, or any of its or their agents, servants, employees, contractors, licensees, permittees or invitees, for the use of the Washing Facility, the Water Tank, the Tenant's Easements or the driveways, access roads, drainage and utility lines and facilities, runways, taxiways and other common facilities located at the Airport.

Section 13.2. Tenant's Right to Cure Defaults. In the event Landlord fails to timely satisfy and perform any of its obligations or agreements arising under or by virtue of this Article XIII, Tenant shall have the right but not the obligation to perform such obligations and agreements at Landlord's cost and expense, and Landlord agrees to reimburse Tenant for all costs and expense paid or incurred by Tenant in connection therewith, including but not limited to all architectural and engineering fees and expenses, all legal fees and expenses and all costs and expenses incurred in performing or curing any of the Landlord's obligations or agreements hereunder, together with interest thereon until paid at the Default Rate; provided, however, except in cases of emergencies, Tenant shall not perform any such obligations or agreements as would violate the bidding requirements of Section 31-7-13 of the Code. Landlord further agrees that Tenant shall have the right to offset said costs and expenses together with interest thereon at the Default Rate from the payments of Rental due and payable from Tenant to Landlord hereunder. Tenant's rights and

remedies under this Section 13.2 shall be in addition to and not in limitation of any other rights or remedies available to it hereunder or by statute, at law or in equity.

Section 13.3. Covenants Running with the Land. The Landlord's obligations and agreements under this Article XIII shall be deemed covenants running with the Land and shall be binding upon the Landlord and its successors and assigns in interest in and to the Airport, and shall inure to the benefit of Tenant and its Subtenants, and its and their respective successors and assigns as tenant under this Lease and as Subtenant under any Sublease, respectively.

ARTICLE XIV
LAWS AND REGULATIONS

Section 14.1. Compliance with Laws and Regulations. To the extent applicable to Tenant's or its Subtenant's respective operations and activities at the Leased Premises or the Airport, Tenant, at its sole cost and expense, shall comply with and shall exert good faith efforts to cause its Subtenant to comply with and to cause the Leased Premises to comply with all existing and future federal, state, county, municipal and other governmental statutes, laws, rules, orders, permits, regulations and ordinances (including but not limited to the Rules and Regulations and the Minimum Standards) affecting the Leased Premises or any part thereof, or the use thereof.

ARTICLE XV
HAZARDOUS SUBSTANCES

Section 15.1. Landlord's Covenants. Landlord covenants, warrants and represents that neither it nor any other Person has used, generated, installed, placed, stored, released or otherwise disposed of, nor permitted to exist, any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of any applicable Environmental Law. Landlord further covenants, warrants and represents that it shall not use, generate, install, place, store, release or otherwise dispose of, nor permit any use, generation, placement, storage, release or other disposition of, any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of any applicable Environmental Law; provided, however, that Landlord shall not be responsible for any such Hazardous Substances used, generated, placed, stored, released or otherwise disposed of by Tenant or its Subtenant. Landlord agrees at its expense to immediately remediate and remove in strict compliance with all Environmental Laws any and all Hazardous Substances heretofore or hereafter introduced, released or discharged in, on, under, from or about the Leased Premises or the Airport in violation of the foregoing covenants by Landlord. To the fullest extent allowed by law, Landlord further agrees to hold the Tenant Parties harmless from and against any and all liability, claims of liability, causes of action (whether arising by contract, tort, statute or any other legal or equitable theory), suits, actions, proceedings, judgments, penalties, fines, losses, damages, costs and expenses (including without limitation any and all sums paid for settlement of claims, response costs, cost of remediation, detoxification, removal and disposal of any Hazardous Substances, cost of repairs, restoration and cleanup, and all reasonable fees of attorneys, consultants and experts) arising from or as the result of or in any way connected with the presence, suspected presence, use, generation, storage, release or disposal of any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of the foregoing covenants and warranties by Landlord. Notwithstanding the foregoing, Landlord shall not be held to any higher standard or duty than as provided in the Minimum Standards.

Section 15.2. Tenant's Covenants. Tenant covenants, warrants and represents that it shall not use, generate, install, place, store, release or otherwise dispose of, and that it shall exert good faith efforts to prevent its Subtenant from using, generating, installing, placing, storing, releasing or otherwise disposing of, any Hazardous Substances or storage tanks for Hazardous Substances in, on, under, from or about the Leased Premises in violation of any applicable Environmental Law. Tenant agrees at its expense to immediately remediate and remove in strict compliance with all Environmental Laws any and all Hazardous Substances that are introduced, released or discharged in, on, under, from or about the Leased Premises by Tenant in violation of any applicable Environmental Law. To the fullest extent permitted by law, the Tenant agrees to indemnify and hold the Landlord Parties harmless from and against any and all liability, claims of liability, causes of action (whether arising by contract, tort, statute or any other legal or equitable theory), suits, actions, proceedings, judgments, penalties, fines, losses, damages, costs and expenses (including without limitation any and all sums paid for settlement of claims, response costs, costs of remediation, detoxification, removal and disposal of any Hazardous Substances, costs of repairs, restoration and cleanup, and all reasonable fees of attorneys, consultants and experts) arising from or as the result of or in any way connected with any use, generation, storage, release or disposal by Tenant in violation of any applicable Environmental Law of any Hazardous Substances in, on, under, from or about the Leased Premises.

Section 15.3. Subtenant's Covenants. Tenant shall use good faith efforts to obtain and enforce comparable environmental covenants and indemnities from any Subtenant of the Premises with respect to Hazardous Substances and compliance with Environmental Laws, but Landlord agrees that it shall look solely to the Subtenant for any violation thereof, and that the Tenant and its manager, and its and their respective officers, directors, shareholders, members, managers, partners, agents, servants and employees, shall not have any liability for any use, generation, storage, release or disposal of any Hazardous Substances by Subtenant or any other Person whomsoever other than Tenant.

Section 15.4. Survival. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE XVI
UTILITIES

Section 16.1. Utilities. Tenant or its Subtenant shall make application for, obtain, pay for, and be solely responsible for all charges for utilities used or consumed by Tenant or its Subtenant on, in or at the Leased Premises. In the event that any charge for any utility supplied to the Leased Premises is not paid by Tenant or its Subtenant to the utility supplier when due, then Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord together with interest thereon at the Default Rate being due and payable by Tenant to Landlord, as Additional Rental, promptly upon demand.

ARTICLE XVII
TAXES

Section 17.1. Taxes. Tenant and any Subtenant shall have the right at their expense to apply for and to seek to obtain all (if any) tax credits, exemptions and abatements from federal, state and local taxation that may be available to it in connection with the lease, development, construction, financing and operation of the Leased Premises, including but not limited to any job tax credits and any other credits, exemptions and/or abatements of ad valorem, property, sales, use, recording, franchise or other federal, state or local taxes that may be available to it (collectively, the "Tax Credits, Exemptions and Abatements"). The Landlord agrees to cooperate with Tenant and its Subtenant and to assist Tenant and its Subtenant in applying for and obtaining all (if any) Tax Credits, Exemptions and Abatements that may be available to Tenant and/or its Subtenant. If requested by Tenant or its Subtenant or required by the applicable governmental authority, Landlord agrees to join in Tenant's and/or Subtenant's applications and other submittals for any and all such Tax Credits, Exemptions and Abatements as may be available to Tenant or its Subtenant, provided that Tenant or its Subtenant shall pay all costs and expenses in connection therewith. Notwithstanding anything to the contrary provided herein, it is understood and agreed that the Landlord has not made and does not make any warranty or representation of any kind that any such Tax Credits, Exemptions and Abatements are or may be or remain available to Tenant, and Tenant acknowledges and agrees that it or its Subtenant shall be solely responsible for determining the availability of and obtaining and maintaining any such Tax Credits, Exemptions and Abatements that may be available.

Section 17.2. Payment of Taxes. Subject to Section 17.1 hereof, Tenant agrees that during the period commencing on the Rental Commencement Date and continuing for and during the remaining Term of this Lease, Tenant shall pay or cause its Subtenant to pay, as Additional Rental, all ad valorem taxes, property taxes and assessments, special and general assessments, water and sewer rents and other lawful governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary (but not including any excise, franchise, income or other similar taxes), and each and every installment thereof which, during the Term of this Lease following the Rental Commencement Date, shall or may be charged, levied, laid, assessed, imposed, become due and payable, or liens upon or for or with respect to the Leased Premises or any part thereof, or any buildings, appurtenances or equipment owned by Tenant thereon or therein, or any part thereof, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of any and all lawful governmental authorities whatsoever (hereinafter sometimes referred to collectively as the "Taxes and Assessments"). Tenant agrees that it shall pay all such Taxes and Assessments before same become delinquent.

Section 17.3. Tenant's Right to Contest Taxes. Notwithstanding the foregoing, Tenant and/or its Subtenant shall have the right at its own expense and in its own name and behalf or in the name and behalf of the Landlord, in good faith, to contest any such Taxes and Assessments provided that (a) Tenant or its Subtenant shall provide Landlord a surety bond or other security satisfactory to Landlord in order to stay any proceedings to collect said Taxes and Assessments or to enforce any lien therefor while such contest is pending, (b) Tenant or its Subtenant shall pay the full amount of Taxes and Assessments within ten (10) days following a final determination of the

amount due; and (c) Tenant or its Subtenant shall indemnify and hold Landlord harmless from and against any and all liabilities, claims of liability, penalties, damages, losses, costs and expenses of any and every kind, including but not limited to reasonable attorneys' fees, arising from or as the result of or in any way connected with any such contests or any failure to pay said Taxes and Assessments when and as due. The Landlord agrees that it shall not oppose Tenant or its Subtenant in connection with any such contests, provided that Tenant or its Subtenant shall pay all of the Landlord's costs and expenses (including but not limited reasonable attorneys' fees) in connection therewith. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 17.4. Proration of Taxes for Partial Tax Years. In the event the Rental Commencement Date does not coincide with the first day of the tax year of the applicable taxing authority, to the extent allowed by law, Tenant's share of said Taxes and Assessments for the first and last Rental Years of the Term hereof shall be prorated so that Tenant shall be charged only for that portion of the tax year during the period commencing on the Rental Commencement Date and ending on the last day of the Term of this Lease.

Section 17.5. Survival. The terms and provisions of this Article shall survive the expiration or termination of this Lease.

ARTICLE XVIII
INSURANCE

Section 18.1. Tenant's Liability Insurance. Beginning on or before the date Landlord commences its construction activities on the Land and continuing for and during the remaining Term of this Lease, Tenant at its cost shall provide and keep in force Commercial General Liability Insurance, written by a good and solvent insurance company or companies licensed to do business in the State of Mississippi, selected by Tenant, in the amount of at least One Million and No/100 Dollars ($1,000,000.00) combined single limit. If same may be procured without extra cost, or if Landlord pays such extra costs, such policy or policies shall include Landlord as an additional insured. Tenant agrees to deliver certificates of such insurance to Landlord at the beginning of the Term of this Lease and thereafter not less than ten (10) days prior to the expiration of any such policy. Such insurance shall be non-cancellable without ten (10) days' written notice to Landlord.

Section 18.2. Tenant's Property Insurance. Beginning on or before the date Landlord commences its construction activities on the Land and continuing for and during the remaining Term of this Lease, Tenant shall keep the Building and any and all other improvements at any time erected by Tenant on the Leased Premises insured for the benefit of Landlord and Tenant (and, if desired by Tenant, any and all Subtenants may also be beneficiaries or insured parties of such insurance policies), as their respective interests may appear, and also for the benefit of the holder or holders of any Mortgage or Mortgages at any time made by Tenant (which Mortgagee or Mortgagees may be named under a standard mortgage clause acceptable to Tenant or as required by such Mortgagee or Mortgagees), against loss or damage by fire and other perils covered by an all risk or special perils insurance policy (and/or by a builder's risk policy during the period of any construction), which policy or policies shall be in form and content acceptable to Tenant and its Mortgagee, and in a minimum amount necessary to avoid the effect of co-insurance provisions of the applicable policies. All such policies or certificates thereof shall be held by Tenant's Mortgagee, if any, or by Landlord, so long as there shall be no such Mortgagees. All proceeds payable at any time and from time to time by any insurance company under such policies shall be payable to such Mortgagee, if any, or, if none, to Tenant. If any such proceeds are paid to such Mortgagee, insofar as Landlord is concerned, Tenant or Mortgagee shall be entitled to receive the full amount thereof in accordance with the terms of such Mortgage, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Any proceeds paid directly to Tenant shall be retained by Tenant, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Landlord shall, at Tenant's cost and expense, cooperate fully with Tenant in order to obtain the largest possible recovery and execute any and all consents and other instruments and take all other actions necessary or desirable in order to effectuate the same and to cause such proceeds to be paid as hereinbefore provided, and Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce the protection or the payment to be made under Tenant's insurance. At the option of Tenant, any such insurance proceeds may be paid to a Subtenant or Subtenants, either alone or jointly with Tenant.

Section 18.3. Blanket Policies. Any insurance required to be provided by Tenant pursuant to this Lease may be provided by blanket insurance covering the Leased Premises and other locations of Tenant or its Affiliates, provided such blanket insurance complies with all of the other requirements of this Lease with respect to the insurance involved and such blanket insurance is acceptable to any Mortgagee.

Section 18.4. Waiver of Subrogation and Rights of Recovery.

(a) Endorsements in Policies. All policies of property or casualty insurance which either party obtains for the Leased Premises, and all policies of property or casualty insurance which the Landlord obtains for the Airport (including but not limited to the Washing Facility), shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss.

(b) Survival. The terms and provisions of this Section shall survive the expiration or termination of this Lease.

ARTICLE XIX
DAMAGE BY FIRE OR OTHER CAUSE

Section 19.1. Repair of Damage to Building and Other Improvements. Subject to Sections 19.1 and 19.2 hereof, if the Building and improvements constructed by Tenant are damaged by fire or other casualty against which Tenant is insured by a policy of insurance under Section 18.2 hereof, then Tenant shall, if and only to the extent that the proceeds from the insurance available to Tenant and free from collection by Tenant's Mortgagee are sufficient, have the damage repaired with reasonable speed at the expense of Tenant, subject to delays that may arise by reason of adjustment of loss under insurance policies and for other delays beyond Tenant's reasonable control.

Section 19.2. Right of Termination - Damage to Building. If the building or other improvements on the Leased Premises are damaged or destroyed by any cause whatsoever to the extent that, in Tenant's reasonable judgment (a) it would not be economically feasible to repair or restore the building and other improvements damaged by such damage or destruction, or (b) the damage or destruction to the building or other improvements cannot be repaired or restored within eighteen (18) months after the occurrence of such damage or destruction, or (c) the Tenant's Subtenant elects to cancel its Sublease as the result of such damage or destruction, then and in any such event, notwithstanding the provisions of Section 19.1 hereof or any other provisions of this Lease:

(1) Tenant shall have the right, but not the obligation, (aa) to elect not to repair, replace or rebuild such building or other improvements, as the case may be, and (bb) to terminate this Lease by giving written notice of termination to Landlord on or prior to the date that is eighteen (18) months after the occurrence of such damage or destruction, and upon the giving of such notice of termination, the Term of this Lease shall expire and come to an end on the last day of the calendar month in which such notice shall be given (or on such date subsequent thereto as Tenant may designate in said notice), with the same force and effect as if said day had been originally fixed herein as the expiration date of the Term of this Lease, and neither party shall have any further rights or liabilities hereunder. In the event the Tenant elects to terminate the Term of this Lease pursuant to this subparagraph, then and in such event Landlord and Tenant agree that, notwithstanding anything to the contrary provided in this Lease, the proceeds of any all risk or special perils insurance or other property insurance carried by Tenant with respect to the Leased Premises (but not including the proceeds of any loss of rents or income insurance, business interruption insurance or other similar insurance carried by Tenant, all of which shall be paid to Tenant alone) shall be applied as follows:

(i) First, to reimburse Tenant for all costs and expenses, including but not limited to legal fees and expenses, paid or incurred by Tenant in order to negotiate, adjust and/or settle said insurance claim.

(ii) Second, to the Tenant's Mortgagee or Mortgagees, to the extent that such Mortgagee or Mortgagees may be entitled to receive said proceeds under the terms and provisions of any Mortgage or Mortgages given by Tenant;

(iii) Third, the balance of said proceeds shall be divided between Landlord and Tenant on a percentage basis, with Tenant's share of the proceeds being equal to a fraction in which the numerator is the number of months remaining in the entire Term of this Lease (including both the Original Term and all of the Option Terms regardless of whether or not Tenant has exercised its rights to such Option Terms) and the denominator is nine hundred sixty (960); and Landlord's share of the award shall be equal to a fraction in which the numerator is the number

of months expired in the Original Term and Option Terms, if any, and the denominator is nine hundred sixty (960).

(2) If Tenant shall not have the right to terminate this Lease pursuant to subparagraph (1), or, having such right, shall not elect to terminate this Lease, Tenant shall not be required to repair, replace or rebuild the Building or other improvements until such time as Tenant shall re-sublet the Leased Premises to a new Subtenant or to the prior Subtenant, if such prior Subtenant shall elect to re-sublet the Leased Premises; provided, however, that Tenant shall be obligated to proceed to repair, replace or rebuild such Building or other improvements, commencing not later than six (6) months following the date Tenant has received the insurance proceeds payable as the result of such damage or destruction, even if the Leased Premises has not yet been re-sublet.

Section 19.3. Proceeds payable to Mortgagees. Notwithstanding anything to the contrary in this Lease, Landlord acknowledges and agrees that the Tenant's Mortgagees shall have a prior claim to all such insurance proceeds, and that the maximum amount which Tenant shall be required to expend toward the repair, restoration or replacement of said damaged or destroyed buildings or improvements or in satisfying its other obligations and agreements under this Article shall not under any circumstances exceed the net amount of such insurance proceeds received by Tenant after payment of all costs and expenses in connection with the receipt of such proceeds, and after deduction of any amount of said insurance proceeds retained or received by, or paid to, the Mortgagee or Mortgagees of the Leased Premises; and, if such amount received by Tenant after such deduction be insufficient to fully repair, replace or restore any such damaged or destroyed building or improvements, then Tenant need only repair, replace or restore such part or parts thereof as may be paid in full by such amount received by Tenant after such deduction.

ARTICLE XX
EMINENT DOMAIN

Section 20.1. If the entire Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken. In the event of a partial taking (or purchase) of the Leased Premises pursuant to which more than fifteen percent (15%) of the Leased Premises or of the Land are so taken (or so purchased), or if the Tenant's Subtenant cancels its Sublease as the result of such partial taking (or purchase), then Tenant shall have the right, but not the obligation, to terminate this Lease by giving written notice of such termination to Landlord on or prior to the date one year after the date of such taking (or purchase), and upon the giving of such notice of termination, the Term of this Lease shall expire and come to an end on the last day of the calendar month in which such notice shall be given (or on such date subsequent thereto as Tenant may designate in said notice), with the same force and effect as if said day had been originally fixed herein as the expiration date of the Term of this Lease. In the event the Lease shall terminate or shall be terminated, the Rental shall, if and when necessary, be adjusted to the day of the taking (or purchase) and neither party shall have any further rights or liabilities hereunder.

Section 20.2. Award. In the event of a taking (or purchase), the parties further agree that the aggregate net award, after deducting all expenses and costs, including attorneys' fees incurred in connection therewith, payable to both Landlord and Tenant, shall be paid to Tenant (or if required, to any Mortgagee of Tenant), and distributed as follows:

(a) So much of net award as is available for distribution shall first be paid to the Tenant's Mortgagee or Mortgagees in accordance with the terms and provisions of its or their respective Mortgage or Mortgagees. The provisions of this subsection 20.2(a) shall be complied with and remain effective whether or not the Lease is terminated under the provisions of Section 20.1 above.

(b) In the event of a taking (or purchase) that results in the termination of this Lease pursuant to the provisions of this Article XX, Landlord and Tenant shall divide the balance of the condemnation award on a percentage basis, and Tenant's share of the award shall be equal to a fraction in which the numerator is the number of months remaining in the Entire Term of this Lease (including both the Original Term and all of the Option Terms, regardless of whether Tenant has exercised its rights to such Option Terms), and the denominator is nine hundred sixty (960); and Landlord's share of the award shall be equal to a fraction in which the numerator is the number of months expired in the Original Term and the Option Terms, if any, and the denominator is nine hundred sixty (960). Notwithstanding the provisions hereof, the Subtenant shall have the right to make a separate claim with the condemning authority (if permitted by law) for moving expenses, or the expense of removal of Subtenant's trade fixtures, or a loss of Subtenant's business goodwill, if and only if such action shall not reduce the amount of the award,

or other compensation, otherwise recoverable from the condemning authority by Landlord and Tenant.

(c) In the event of a partial taking (or purchase) not resulting in the termination of this Lease pursuant to the provisions of this Article XX, Tenant shall, at its own cost and expense, make all repairs to the Building and any other improvements on the Leased Premises affected by such taking (or purchase) to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase); provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes, after deduction of any and all amounts paid to Tenant's Mortgagees and/or Subtenants. Notwithstanding anything to the contrary contained elsewhere in this Lease, all compensation available or paid to Landlord and Tenant upon such a partial taking (or purchase) not resulting in a termination of this Lease (after deduction of any amounts paid to Mortgagees and/or Subtenants under the provisions of this subsection), shall be paid to Tenant for the purpose of paying towards the cost of such repair, restoration and/or replacements of the Building and any other improvements, or, in the event that the parties hereto agree that only a portion of the aggregate award is required to so restore the Leased Premises, then only such portion as agreed upon shall be paid to Tenant for such purpose, and the balance shall be distributed in the same manner as provided in Section 20.2(b) above.

(d) Any and all compensation for any temporary taking, covering the Lease Term or a lesser period (after deduction of any amounts paid to any Mortgagee and/or Subtenant) shall be distributed to the Tenant without participation by Landlord. If such temporary taking covers a period expiring after the end of the Lease Term, Tenant shall be entitled to that portion of the compensation covering the period to the end of the Lease Term, and the Landlord shall be entitled to that portion thereof covering a period after the end of the Lease Term.

(e) If any part of any payment out of such award shall be paid to the Landlord (except for a temporary taking and covering a period following the end of the Lease Term), then the Fixed Monthly Rent thereafter payable hereunder shall be reduced by a fraction, the numerator of which shall be the amount so paid to Landlord and the denominator of which shall be an amount equal to Landlord's Share minus the total net proceeds of any award theretofore received by Landlord from any (and all) prior partial takings (or purchases).

(f) Whether or not the Lease is terminated pursuant to Section 20.1 above, each of the parties agrees at its expense to cooperate in applying for and in prosecuting any claim for compensation inuring to it under this Lease for taking any or all of the Leased Premises by the exercise of the right of Eminent Domain and, if requested by the Tenant, the Landlord covenants and agrees in its name, at Tenant's expense, to resist any and all such takings by legal proceeding.

ARTICLE XXI
UTILITY EASEMENTS

Section 21.1. Utility Easements. Tenant shall have the right to enter into reasonable agreements with utility companies and Governmental Authorities creating easements in favor of such companies and Governmental Authorities as are required in order to serve the Leased Premises and/or any buildings or other improvements at any time situated thereon, whether same be permanent or temporary, and Landlord covenants and agrees to consent thereto and to execute any and all easements, documents, agreements and instruments and to take all other acts in order to effectuate the same.

ARTICLE XXII
ASSIGNMENT AND SUBLETTING

Section 22.1. Assignment by Tenant. Landlord agrees that Tenant may sell, transfer and assign any and all of its rights under this Lease and may sublease all or any part or parts of the Leased Premises at any time and from time to time, provided Tenant complies with the Minimum Standards applicable to assignment and subleasing. Landlord acknowledges and agrees that the Sublease complies with said Minimum Standards. No assignment or subleasing by Tenant shall relieve Tenant from any of Tenant's obligations under this Lease; provided, however, notwithstanding anything to the contrary provided herein, Tenant shall be released from any obligations hereunder attributable to the periods of time after an absolute assignment of all of its rights and interests under the Lease, and Landlord agrees to look solely to Tenant's successor in interest for the performance of such obligations following such assignment, provided the assignee agrees in writing to assume all of the Tenant's obligations under this Lease attributable to periods of time after such assignment.

Section 22.2. Rights of Subtenant Following Termination of This Lease.

(a) In the event this Lease expires or is terminated, cancelled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of any Sublease, then and in such event the Landlord agrees that the Sublease shall remain in full force and effect in accordance with its terms and provisions as a direct lease between the Landlord, as landlord, and the Subtenant under the Sublease, as tenant, with the same force and effect as if Landlord hereunder had originally entered into such Sublease as landlord thereunder (subject, however, to the prior rights of the holder of any Mortgage). Landlord further agrees that, following any such expiration, termination, cancellation or rejection of this Lease and the continuation of any such Sublease as a direct lease between Landlord and the Subtenant thereunder, Landlord shall continue to satisfy and perform all of its covenants, obligations, agreements and services under and pursuant to Sections 5.1(c) and 5.4 and Articles VIII, IX and XIII of this Lease, and the Landlord shall continue to have the use and benefit of the Landlord's Reserved Easements under Section 5.3 of this Lease, all upon and subject to the terms and conditions as more particularly set forth in said Sections and Articles of this Lease, and Landlord agrees that the terms and provisions of said Sections and Articles of this Lease shall be incorporated into such Sublease as additional covenants thereunder. Landlord further agrees that any such Subtenant shall not be named or joined in any action or proceeding by Landlord under this Lease to recover possession of the Leased Premises or for any other relief. Landlord shall, upon request, execute, acknowledge and deliver an attornment agreement in the form attached hereto as Exhibit E and made a part hereof as though set forth in full herein, or in such other form as may be reasonably requested by the Subtenant under any such Sublease, provided that such Subtenant shall agree to attorn to Landlord (subject to the prior rights of the holder of any Mortgage) after termination of this Lease, and shall agree not to prepay Fixed Monthly Rent more than thirty (30) days in advance except and only to the extent as may be required or permitted under the Sublease in the event of a default by the Subtenant or a termination of the Sublease in accordance with the terms and provisions thereof.

(b) Notwithstanding anything to the contrary provided in Section 22.2(a) above, in the event this Lease expires or is terminated, cancelled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of any such Sublease, and the Tenant's Mortgagee exercises its right to require the Landlord to enter into a New Lease (as hereinafter defined) of the Leased Premises pursuant to and in accordance with the terms and provisions of Section 24.2 hereof, then and in such event said Sublease shall continue in full force and effect as a Sublease between the Mortgagee or its nominee, as sublandlord, and the Subtenant, as subtenant.

ARTICLE XXIII
ESTOPPEL CERTIFICATES

Section 23.1. Tenant's Obligation. Landlord and Tenant each agrees to furnish periodically, when requested by the other party or by the holder or prospective holder of any Mortgage covering the Leased Premises or any interest of Tenant therein, a certificate certifying (i) that this Lease is in full force and effect and unmodified (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications, if any); (ii) that the Term of this Lease has commenced and the full Rental is then accruing hereunder; (iii) that Tenant has accepted possession of the Leased Premises and that, except as stated in the certificate, any improvements required by the terms of this Lease to be made by Landlord or Tenant have been completed; (iv) that except as stated in the certificate, no Rental under this Lease has been paid more than thirty (30) days in advance of its due date; (v) that the address for notices to the party giving such certificate is as set forth in this Lease (or has been changed by notice duly given and is as set forth in the certificate); (vi) that except as stated in the certificate, to the knowledge of the party giving such certificate, the other party is not then in default under this Lease; and (vii) such other matters as may reasonably be requested by either Landlord or Tenant or the holder or prospective holder of any such Mortgage.

Section 23.2. Reliance. Any such certificate may be relied upon by any prospective purchaser, mortgagee or any beneficiary under any Mortgage on the Leased Premiss or any part thereof or interest therein.

ARTICLE XXIV
MORTGAGES

Section 24.1. Mortgages by Landlord Prohibited. Landlord hereby covenants and agrees that during the Term of this Lease, Landlord shall not have the right or power to mortgage or otherwise create any security interest or other liens or encumbrances upon or affecting this Lease, the Landlord's fee interest in the Land, or any buildings, improvements, fixtures, equipment or other property thereon, or any part thereof, at any time, and Landlord shall not have the right or power

to mortgage or to modify, extend, renew, replace, refinance or otherwise change or affect any Mortgage at any time or from time to time created by Tenant pursuant to this Lease, and Landlord covenants and agrees that all such rights and powers are hereby exclusively and irrevocably vested in and granted to Tenant, subject to the terms and conditions of this Lease. These provisions shall not be construed to prevent or excuse Landlord from executing and delivering any estoppel certificates, subordination, non-disturbance and attornment agreements or other agreements, instruments and documents required or contemplated under this Lease in order to enable Tenant and every successors and assign of Tenant (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent), to execute and effectuate such rights and powers.

Section 24.2. Tenant Mortgages. Tenant and every successor and assign of Tenant (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent) is hereby given the right by Landlord, in addition to any and all other rights herein granted, without the necessity of obtaining any consent from Landlord, to execute, acknowledge and deliver Mortgages of the Tenant's and/or Subtenant's rights, title and interest in, to and under this Lease, any Subleases and the Leased Premises, for such amounts and upon and subject to such terms and conditions as Tenant may deem advisable; provided, however, that any such Mortgages granted by Tenant or by any Subtenant shall not encumber the Landlord's fee interest in the Land or any of the Landlord's right, title or interest in or to this Lease. If Tenant and/or Tenant's successors and assigns (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent) shall Mortgage its leasehold, or any part or parts thereof, and if the holder of any such Mortgage shall send Landlord a written notice specifying the name and address of the Mortgagee, Landlord agrees that so long as any such Mortgage shall remain unsatisfied of record, or until written notice of satisfaction is given by the holder of the Mortgage to Landlord, the following provisions shall apply:

(a) There shall be no cancellation, surrender, or modification of this Lease by joint action of Landlord and Tenant, without the prior written consent of the Mortgagee.

(b) Landlord shall, upon serving Tenant with any notice of default or any notice of Landlord's intention to exercise any termination right or other rights or remedies hereunder, simultaneously serve a copy of such notice upon the holder of such Mortgage. The Mortgagee shall thereupon have a reasonable period, after service of such notice upon it, to remedy or cause to be remedied the defaults complained of, and Landlord shall accept such performance by or at the instigation of such Mortgagee as if the same had been done by Tenant.

(c) Anything herein contained notwithstanding, while any such Mortgage remains unsatisfied of record, or until written notice of satisfaction is given by the Mortgagee to Landlord, if any default, circumstance or condition shall occur which, pursuant to any provision of this Lease, entitles Landlord to terminate this Lease, or regain possession of the Leased Premises, and if before the expiration of thirty (30) days from the date of such Mortgagee's actual receipt of service of notice of termination or of regaining possession of the Leased Premises, such Mortgagee shall have notified Landlord of its desire to nullify such notice and shall have paid to Landlord all rent and other payments herein provided for, and then in default, and shall have complied or shall commence the work of complying with all of the other requirements of this Lease, except as provided in paragraph (g) of this Section 24.2, if any are then in default, and shall prosecute the same to completion with reasonable diligence, then and in such event, Landlord shall not be entitled to terminate this Lease or regain possession of the Leased Premises and any notice of termination theretofore given shall be void and of no force or effect.

(d) If the Landlord shall elect to terminate this Lease by reason of any default of Tenant, the Mortgagee shall not only have the right to nullify any notice of termination by curing such default, as aforesaid, but shall also have the right to postpone and extend the specified date for the termination of this Lease or regaining of possession of the Leased Premises, as fixed by Landlord in its notice of termination, for a period of not more than one hundred eighty (180) days, provided that such Mortgagee shall cure or cause to be cured any then existing money default and meanwhile pay the rent, and comply with and perform all of the other terms, conditions and provisions of this Lease on Tenant's part to be complied with and performed, other than past non-monetary defaults and other defaults which can only be cured by one in possession of the Leased Premises which are subject to said Mortgage, and provided further that the Mortgagee shall forthwith take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Mortgage or otherwise and shall prosecute the same to completion with all due diligence. If at the end of said 180-day period the Mortgagee shall be actively engaged in steps to acquire or sell Tenant's interest herein, the time of said Mortgagee to comply with the provisions of this Section shall be extended for such period as shall be reasonably necessary to complete such steps with reasonable diligence and continuity.

(e) Landlord agrees that the name of the Mortgagee may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Tenant hereunder under a standard mortgagee clause acceptable to such Mortgagee.

(f) Landlord agrees that, in the event this Lease expires or is terminated, cancelled or rejected by reason of default, bankruptcy, insolvency, receivership, Tenant's failure to exercise an Option Term or for any other reason whatsoever at any time while any Mortgage is outstanding and unpaid, then and in such event Landlord agrees that, at such Mortgagee's request, Landlord shall enter into a new lease (the "New Lease") of the Leased Premises with the Mortgagee or its nominee, for the remainder of the Term (including but not limited to any Option Terms which the Mortgagee or its nominee may then or thereafter elect to exercise), effective as of the date of such termination, for the same Rental and upon and subject to the same terms, provisions, covenants and agreements as herein contained, and subject only to the same conditions of title as this Lease is subject to on the date of the execution hereof, and to the rights, if any, of any Subtenants then in possession of any part of the Leased Premises, provided:

(1) Said Mortgagee or its nominee shall make written request upon Landlord for such New Lease within one hundred eighty (180) days after it receives written notice from Landlord of the date of such termination or regaining of possession;

(2) Said Mortgagee or its nominee shall pay to Landlord at the time of the execution and delivery of said New Lease, any and all sums which would at the time of the execution and delivery thereof, be due pursuant to this Lease, but for such termination, and in addition thereto, any expenses, including reasonable attorneys' fees, to which Landlord shall have been subjected by reason of such default;

(3) Said Mortgagee or its nominee shall perform and observe all covenants herein contained on Tenant's part to be performed and shall further remedy any other conditions which Tenant under the terminated Lease was obligated to perform under the terms of this Lease;

(4) Such New Lease shall be expressly made subject to the rights, if any, of Tenant under the terminated Lease; and

(5) The tenant under such New Lease shall have the same right, title and interest in and to the buildings and improvements on the Leased Premises as Tenant had under the terminated Lease;

(g) Nothing herein contained shall require any Mortgagee or its nominee to cure any default of Tenant referred to in Section 25.2 hereof.

(h) Landlord agrees, promptly after submission, to execute, acknowledge and deliver any agreements modifying this Lease requested by any Mortgagee, provided that such modification does not decrease Tenant's obligations or decrease Landlord's rights pursuant to this Lease, to a substantial extent.

(i) The proceeds from any insurance policies or arising from a condemnation are to be held by any Mortgagee and distributed pursuant to the provisions of this Lease, but the Mortgagee may reserve its rights to apply to the Mortgage debt all of such proceeds pursuant to such Mortgage.

(j) The Mortgagee shall be given notice of any litigation or arbitration proceedings by the parties hereto, and shall have the right but not the obligation to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that the Mortgagee shall not elect to intervene or become a party to such proceedings, the Mortgagee shall receive notice of, and copies of, all pleadings and of any and all orders, judgments, awards and decisions made in said litigation or arbitration proceedings.

(k) Landlord shall, upon request, execute, acknowledge and deliver to each Mortgagee, an agreement prepared at the sole cost and expense of Tenant, in such form as may be required by any such Mortgagee or prospective Mortgagee, between Landlord, Tenant and Mortgagee, agreeing to all of the provisions of this Article XXIV.

Section 24.3. Proposed Bonds. Landlord and Tenant anticipate that the Tenant's Work will be financed with the proceeds of industrial development revenue bonds in the aggregate amount of up to Five Million and No/100 Dollars ($5,000,000.00) to be issued by Landlord pursuant to the provisions of Mississippi Code of 1972, as amended, Section 57-3-1, *et seq.* (the "Proposed Bonds"). Landlord and Tenant agree to cooperate with one another and to execute, acknowledge (where required) and deliver such instruments and agreements as may be reasonably required by Tenant in connection with the issuance of the Proposed Bonds, including but not limited to any amendments to this Lease Agreement that may be reasonably required in connection therewith; provided, however, that (a) the Proposed Bonds will be secured by a Mortgage on the Tenant's leasehold estate in and to the Leased Premises, all of the Tenant's rights, title, interest and claims

in and to the Building and related improvements to be constructed on the Land and in and to the Tenant's Easements and other rights granted hereunder, and all of the Tenant's rights, title, interests and claims in and to this Prime Lease and the Sublease, and shall not be secured by the Landlord's fee simple title in or to the Land (although the Landlord does agree that it shall pledge the rents and revenues derived by it from the Sublease and any other sale or leasing of the Leased Premises as security for the Proposed Bonds); and (b) the Proposed Bonds shall be limited obligations of the Landlord payable solely out of the revenues and receipts derived from the leasing or sale of the Leased Premises and from the collateral pledged pursuant to clause (a) of this sentence, and the Landlord shall not in any event be liable for the payment of the principal of or interest on the Proposed Bonds, or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Tenant, and neither the Proposed Bonds nor any other instruments or agreements that evidence or secure the Proposed Bonds shall be construed to constitute an indebtedness of the Landlord within the meaning of any constitutional or statutory provision whatsoever.

ARTICLE XXV
DEFAULT AND REMEDIES

Section 25.1. Defaults.

(a) In the event any one or more of the following events shall have occurred and shall not have been remedied as hereinafter provided:

(i) The occurrence of any event set forth in Section 25.2 hereof, without the curing of same as therein provided;

(ii) Tenant's failure to pay any installment of Fixed Monthly Rent when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure; or

(iii) Tenant's failure to perform any of the other covenants, conditions and agreements herein contained on Tenant's part to be kept or performed and the continuance of such failure without the curing of same for a period of sixty (60) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure, and provided Tenant shall not cure said failure as provided in paragraph (b) of this Section;

then Landlord may, at its option, at any time thereafter, but before said default be cured, give to Tenant a written notice of election to terminate the Term of this Lease upon a date specified in such notice, which date shall be not less than thirty (30) business days after the date of receipt by Tenant of such termination notice from Landlord, and upon the date specified in said notice, the Term and estate hereby vested in Tenant shall cease and any and all other right, title and interest of Tenant hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire Term of this Lease had elapsed, and Landlord shall thereafter be entitled to collect rents from Subtenants, subject to the paramount rights of any Mortgagee, but Tenant shall continue to be liable to Landlord as hereinafter provided.

(b) In the event that Landlord gives notice of a default which is due to causes beyond the reasonable control of Tenant, or which default is of such a nature that it cannot reasonably be cured within such sixty (60) day period, then and in either such event such default shall not be deemed to continue so long as Tenant, after receiving such notice, proceeds to attempt to cure the default as soon as reasonably possible, and continues to take all steps necessary to complete the same within a period of time which, under all prevailing circumstances, shall be reasonable. No default shall be deemed to continue if and so long as Tenant shall be so proceeding to cure the same in good faith or be delayed in or prevented from curing the same by any Excused Delay or Force Majeure.

(c) Simultaneously with the sending of the notice of default to Tenant as hereinabove provided for, Landlord shall send a copy of such notice to each of the Subtenants of the Leased Premises or portions thereof designated by Tenant or such Subtenant, and any additional persons or parties having an interest in the Leased Premises that Tenant may select, in writing, from time to time. The curing of any default within the above time limits by any of the aforesaid parties or combination thereof, shall constitute a curing of any default hereunder with like effect as if Tenant had cured same hereunder.

(d) Notwithstanding anything to the contrary contained in this Article XXV, in the event that any default of Tenant shall be cured in any manner as herein provided, such default

shall be deemed never to have occurred, and Tenant's rights hereunder shall continue unaffected by such default.

(e) Upon any termination of the Term of this Lease pursuant to paragraph (a) of this Section 25.1, or at any time thereafter, Landlord may, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, re-enter the Leased Premises and recover possession thereof and dispossess any or all occupants of the Leased Premises (except as provided in Section 22.2 hereof) in the manner prescribed by the statute relating to summary proceedings or similar statutes; but, Tenant, in such cases, shall remain liable to Landlord as hereinafter provided.

(f) In case of any such re-entry, expiration and/or dispossession by summary proceedings:

(1) the Rental shall become due thereupon and be paid up to the time of such re-entry, expiration and/or dispossession;

(2) Landlord may re-let the Leased Premises or any part or parts thereof not the subject of any Sublease, either in the name of the Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Term of this Lease; and

(3) Tenant or the legal representative of Tenant shall also pay Landlord, as liquidated damages for the failure of Tenant to observe and perform Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of all rents collected on account of any existing Sublease or Subleases of the Leased Premises and/or any other leases or subleases thereafter entered into by Landlord for each month of the period which would otherwise have constituted the balance of the Term of this Lease (without giving effect to any Option Terms that had not commenced prior to the effective date of such termination).

In computing such liquidated damages, there shall be added to the said deficiency such reasonable expenses as Landlord may incur in connection with re-letting, such as brokerage commissions and preparation of the Leased Premises for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rental installment due dates specified in this Lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency of any subsequent month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the Leased Premises as Landlord, in Landlord's sole judgment, considers advisable and necessary for the purpose of re-letting the Leased Premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord agrees to use its best efforts to mitigate all damages and to re-let the Leased Premises in the event of any default specified herein.

Section 25.2. Bankruptcy and Insolvency. If, after the commencement of the Term of this Lease:

(a) The Tenant then having the title to the leasehold estate created hereunder shall, while having such title, be adjudicated as bankrupt or adjudged to be insolvent;

(b) A receivership or trustee shall be appointed for the aforesaid Tenant's property and affairs;

(c) The aforesaid Tenant shall make an assignment for the benefit of creditors or shall file a petition in bankruptcy or insolvency or for reorganization or shall make application for the appointment of a receiver; or

(d) Any execution or attachment shall be issued against the aforesaid Tenant or any of the aforesaid Tenant's property, whereby the Leased Premises or any building or improvements of Tenant thereon shall be taken or attempted to be taken by someone other than the Tenant, except as may herein be permitted; and such adjudication, appointment, assignment, petition, execution or attachment shall not be set aside, vacated, discharged or bonded within one hundred twenty (120) days after the issuance of the same, then a default hereunder shall be deemed to have occurred so that the provisions of Section 25.1 hereof shall become effective and Landlord shall have the rights and remedies provided for herein. Notwithstanding anything to the contrary hereinabove contained, upon the occurrence of a default pursuant to subdivisions (a), (b) and (c) of this Section 25.2, if the rent due and payable hereunder shall continue to be paid and the other covenants, conditions and agreements of this Lease on Tenant's part be kept and performed shall

continue to be kept and performed within the time and in the manner as in this Lease otherwise required, no event of default shall have been deemed to have occurred and the provisions of Section 25.1 hereof shall not become effective.

Section 25.3. Attorneys' Fees. In any action or proceeding by either party against the other under this Lease or relating to the Leased Premises, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs, as well as investigation costs, and other legal expenses incurred by such party in the action or proceeding as the court may find to be reasonable.

ARTICLE XXVI
FIRST REFUSAL OPTIONS

Section 26.1. Right of First Refusal.

(a) Landlord covenants and agrees that it will not sell or otherwise dispose of the Leased Premises or any part thereof or interest therein during the Term of this Lease, unless Landlord shall have first received a separate, acceptable and bona fide offer in writing, for the purchase of the same and shall have notified Tenant in writing of the names and addresses of the party or parties making such offer and the price, terms and conditions thereof; and, Landlord agrees that Tenant shall thereupon have the prior right to purchase the Leased Premises, or such part thereof or interest therein, whichever is applicable, at the same price and upon the same terms and conditions as are contained in said offer, except that in any event, at time of closing, the Tenant may, at its option, pay the purchase price thereof in full at the time of the closing. Said right to purchase may be exercised at any time within thirty (30) days after such notice to Tenant in accordance with the notice provisions of this Lease. Tenant's aforementioned right may be exercised before 9:00 PM (local time at the Premises) on the date said right shall expire, by written notice to Landlord in accordance with the notice provisions of this Lease.

(b) Upon the exercise of the right to purchase, Tenant shall have a period of ninety (90) days thereafter before being obligated to make payment or accept title to the Leased Premises, or the part thereof or interest therein being so acquired; unless, by the terms and conditions of said offer, a period of more than ninety (90) days is specified for the closing, in which event Tenant shall have such longer period. Any sums owing by Landlord to Tenant at the time of closing, by virtue of any provision in this Lease, shall be deducted from the purchase price. Any sums owing by Tenant to Landlord at the time of closing, by virtue of any other provision of this Lease, shall also be paid by Tenant to Landlord at the time of closing.

(c) If Tenant fails to exercise its said right to purchase and for any reason Landlord shall not, within ninety (90) days thereafter, or within such longer period as may be permitted by the offer, convey the Leased Premises to the party or parties making said offer, at the price and upon the same terms and conditions contained in the offer and notice, the foregoing conditioned prohibition against the Landlord's sale or other disposition of the Leased Premises, or of any part thereof or interest therein, shall continue in full force and effect, and Landlord shall again follow the above procedure for notice, and Tenant's said prior right of purchase shall again apply with respect to said offer and to any new offer for the Leased Premises, or for any part thereof or interest therein, all as more particularly provided above.

(d) If the Landlord rightfully conveys the entire Leased Premises after complying with the provisions of this Section and the Person acquiring the same assumes in writing Landlord's obligations under this Lease and an executed copy of such conveyance and assumption be delivered to the Tenant, then upon such conveyance, assumption and delivery as aforesaid, Landlord shall be relieved of all of its liability thereafter arising under this Lease; provided, however, if the purchaser of the Leased Premises does not also purchase or acquire title to the entire Airport, the Landlord shall remain liable for and shall continue to satisfy and perform all of its obligations and agreements under Sections 5.1(c) and 5.4 and Articles VIII, IX and XIII of this Lease.

ARTICLE XXVII
NOTICES

Section 27.1. Method of Giving Notice. Any notices respecting provisions of this Lease (other than requests by either party for approvals or instructions from the other party and any such approvals or instructions given by either party to the other as hereinafter provided) shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to Landlord:

City of Picayune
Attention: City Manager
203 Goodyear Boulevard
Picayune, MS 39466

If to Tenant:

Magnolia Air I, LLC
606 Clay Street
Montgomery, AL 36104
Attention: Raymond L. Roton and Joseph F. Bear, III

All notices shall be considered to have been given on the earlier of receipt or three business days after the date of mailing or one business day after the date of delivery to an overnight courier as provided herein.

Section 27.2. Change of Address. Either party may change its address for purposes of notice under this Article XXIV to any address within the continental United States of America upon thirty (30) days' advance written notice to the other party.

Section 27.3. Requests for Approvals. Notwithstanding the notice requirements as set forth in this Article, Landlord and Tenant acknowledge and agree that for purposes of giving and receiving consents and approvals relating to various construction and operating matters pertaining to this Lease or the Leased Premises, each party shall have the right to send by ordinary mail or overnight carrier or to telecopy to the other party any request for such approval or instructions, and the other party shall have the right to send by ordinary mail or overnight carrier or to telecopy its written approval, disapproval or instructions, and each party shall be entitled to rely upon any and all such approvals, disapprovals or instructions from the other party which are given by mail, overnight carrier or telecopy. Notwithstanding the foregoing, any notices of default or of termination of this Lease shall not be effective unless given in accordance with Section 24.1 hereof. As of the date of this Agreement, the telecopy numbers for Landlord and Tenant are as follows:

Landlord: (601) 798-0564
Tenant: (334) 262-3310

ARTICLE XXVIII
MISCELLANEOUS

Section 28.1. No Broker. Each party represents to the other that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Lease, and each party shall indemnify and hold the other party harmless from any costs, expenses, or liability for commissions or other compensation or charges claimed by any broker or agent employed or utilized by the indemnifying party in connection with this Lease. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 28.2. Certain Definitions. As used herein, the terms "business day" and "business days" means Monday through Friday (except for holidays); and the term "holidays" means and includes New Year's Eve, New Year's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and the day after, Christmas Eve and Christmas Day, and any other holidays now or hereafter recognized by state banks in the State of Mississippi.

Section 28.3. Independent Covenants. Every agreement contained in this Lease is, and shall be construed as, a separate and independent agreement. If any term of this Lease or the application thereof to any person or circumstances shall be invalid and unenforceable, the remainder of this Lease, or the application of the term to other persons or circumstances, shall not be affected.

Section 28.4. No Merger. There shall be no merger of this Lease or of the leasehold estate hereby created with the ground leasehold or fee estate in the Leased Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or the leasehold estate hereby created or any interest in this Lease or in the leasehold estate as well as the Prime Lease or the leasehold estate created thereby or any interest in the Prime Lease or in the leasehold estate created thereby and/or the fee estate in the Leased Premises or any interest in such fee estate. In the event of a voluntary or other surrender of this Lease, or a mutual consideration hereof, Landlord may, at its option, terminate all Leases, or treat such surrender or cancellation as an assignment of any of the Leases.

Section 28.5. No Personal Liability. Landlord agrees to look solely to Tenant's leasehold interest in the Land, Tenant's interest in the Building and any other improvements thereon, Tenant's interests in this Lease and any Subleases, and Tenant's interests in any insurance proceeds or condemnation awards, subject in all cases to the rights of the holder of any existing or future Mortgage, for the recovery of any judgment against Tenant, it being agreed that Tenant (and its members, managers, partners, officers, directors, and shareholders) shall never be personally liable for any such judgment. In addition, Landlord also agrees that Landlord shall not be entitled to recover from Tenant nor any of its agents, employees, officers, directors, members, managers, partners, servants, or shareholders any indirect, special, or consequential damages Landlord may incur as a result of any default under this Lease or other action by Tenant, its agents, employees, officers, partners, servants or shareholders.

Section 28.6. Force Majeure. Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, said party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, weather, fire, flood, any other casualties or acts of God, shortages of labor or materials, war, governmental laws, regulations, or restrictions or any other cause of any kind whatsoever that is beyond the reasonable control of said party ("Force Majeure").

Section 28.7. Rules of Construction. The captions of the articles, sections, and subsections of this Lease are for convenience only and shall not enlarge or limit the scope or meaning of any of the terms or provisions hereof. Words of any gender used in this Lease shall be deemed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context otherwise requires. No consideration shall be given to the fact or presumption that one party had a greater or lesser hand in the drafting of this Lease.

Section 28.8. Joint and Several Liability. If there be more than one Tenant at any time during the Term, the obligations hereunder imposed upon Tenant shall be joint and several, and all agreements and covenants herein contained shall be binding upon the respective heirs, personal representatives, successors and, to the extent permitted, assigns of the parties hereto. If there is a guarantor of Tenant's obligations hereunder, Tenant's obligations shall be joint and several obligations of Tenant and the guarantor, and Landlord need not first proceed against Tenant hereunder before proceeding against any guarantor, nor shall any guarantor be released from its guarantee for any reason, including, without limitation, any amendment of this Lease, any forbearance by Landlord or waiver of any of Landlord's rights, the failure to give Tenant or any guarantor any notices, or the release of any party liable for the payment of Tenant's obligations hereunder.

Section 28.9. No Oral Promises or Representations. Neither Landlord nor Landlord's agents or brokers, if any, have made any representations or promises with respect to the Leased Premises or the Building or other improvements except as herein expressly set forth, and all reliance with respect to any representations or promises is based solely on those contained herein. No rights, easements, or licenses are acquired by Tenant under this Lease by implication or otherwise except as expressly set forth in this Lease.

Section 28.10. Entire Agreement. This Lease sets forth the entire agreement between the parties and cancels all prior negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant regarding the subject matter of this Lease. No amendment or modification of this Lease shall be binding or valid unless expressed in writing and executed by both parties hereto.

Section 28.11. No Offer. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any rights with respect thereto unless Landlord executes a copy of this Lease and delivers the same to Tenant.

Section 28.12. Waivers. Failure of Landlord or Tenant to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver or a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord or any partial payment shall constitute an accord or satisfaction, but shall only be deemed a part payment on account.

Section 28.13. Governing Law. This Lease shall be governed by and construed under the laws of the State of Mississippi, including but not limited to Mississippi's statutes of limitation. Any action brought to enforce or interpret this Lease shall be brought in the court of appropriate jurisdiction in Pearl River County, Mississippi.

Section 28.14. Waiver of Jury Trial. To the fullest extent permitted by law, the parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim

brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises or any claim of injury or damage, whether sounding in contract, tort or any other legal or equitable theory whatsoever.

Section 28.15. No Third Party Beneficiary. Nothing contained in this Lease shall be construed so as to confer upon any other party the rights of a third party beneficiary, except (a) rights contained herein for the benefit of a Mortgagee and (b) any indemnity or release provisions contained herein for the express benefit of the Landlord Parties and/or Tenant Parties or their respective officers, directors, shareholders, partners, members, managers, agents, servants or employees.

Section 28.16. Inspections and Access by Landlord. Tenant will permit Landlord, its agents, employees and contractors to enter all parts of the Leased Premises during Tenant's business hours to inspect the same and to enforce or carry out any provision of this Lease including, without limitation, any access necessary for the making of any repairs which are Landlord's obligation hereunder; provided that, in an emergency situation, such access shall be at anytime upon Landlord's oral request.

Section 28.17. Effective Date. The "Effective Date" of this Lease shall be the later of the following: (a) the date this Lease has been fully executed and delivered by the last party to sign this Lease or (b) the date on which the Economic Development Administration delivers to Landlord its determination of funding for Landlord's grant proposal. Either party may insert the Effective Date of this Lease in the space provided therefor on the first page hereof.

EXECUTED as of the date first written above.

(MUNICIPAL SEAL)

ATTEST:

_____
Name: Sabrina Diamond
Title: Clerk

LANDLORD:

CITY OF PICAYUNE, a municipal corporation organized and existing under the laws of the State of Mississippi

By: _____
Name: Woody Spiers
Title: Mayor

TENANT:

MAGNOLIA:

MAGNOLIA AIR I, LLC,
a Mississippi limited liability company

By: _____
Name: Joseph F. Bear, III
Title: Member

STATE OF MISSISSIPPI
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named Woody Spiers, who acknowledged to me that he is the Mayor of the City of Picayune, Mississippi, a municipal corporation organized and existing under the laws of the State of Mississippi, and that for and on behalf of the said municipal corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said municipal corporation so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

RECESSED MEETING DATED MARCH 29, 2001

STATE OF _____
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named Joseph F. Bear, III, who acknowledged to me that he is a member of Magnolia Air, LLC, a Mississippi member-managed limited liability company, and that for and on behalf of the said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

EXHIBIT "A"

A. LEGAL DESCRIPTION OF THE LAND (Section 5.1(a) of Lease):

A partition from a tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said partition being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary 720.00 feet; thence run along the boundary of the parent tract through the following courses: run North for 810.00 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89 degrees 54' 30" W for 2276.36 feet; thence along the forty line S00 degrees 03'13"W for 120.60 feet; thence run East 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89degrees54'30"E for 270.04 feet tot he Point of Beginning. Thence run S89 degrees 54'30"E for 460.00 feet; thence run S00 degrees02'20"W705.00 feet; thence run N89 degrees 54'30"W 460.00 feet; thence run N00 degrees 02'20"E for 705.00 feet back to the Point of Beginning. Said parcel contains 7.44 acres, more or less, and is located in the SE ¼ of the NW ¼ and in the NE ¼ of the SW ¼ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, bearings herein are based on a Solar Observation.

B. LEGAL DESCRIPTION OF EASEMENT FOR RUNWAY ROAD (Section 5.1(c)(I) Lease):

An easement for ingress and egress attached to the aforementioned lease parcel, also being an easement from the parent tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said easement being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet to the Point of Beginning of the following described easement; thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89 degrees 54'30"W for 2276.36 feet; thence run along the forty line S00 degrees03'13"W for 120.60 feet; thence run East for 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89 degrees54'30"E for 2875.96 feet back to the Point of Beginning. Said easement contain 12.1 acres, more or less, and is located in the North ½ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

RECESSED MEETING DATED MARCH 29, 2001

EXHIBIT "B"

SITE PLAN

NOTE: The following items should be shown on the Site Plan and identified as indicated below:

1. Land
2. Airport
3. Building and other improvements to be constructed on the Land
4. Washing Facility
5. Landlord's Adjoining Parcel

EXHIBIT "C"

PHASE I SITE WORK

Phase I Site Work: Site Work Improvements, Allen and Hoshall.

Site Work for Chevron Facility:

a. Clearing and grubbing site at locations of all improvements.

b. Bid fill material for Chevron building pad.

c. Stockpile topsoil for entire site.

d. Erosion control measures (BMP).

e. Unclassified excavation.

f. Select fill material for access road, building, aircraft apron, and parking lot.

g. Drainage including - drains, inlets and detention device.

h. Limestone/clay gravel base for improvements listed in Item "f." exclusive of the building.

i. Grassing/Seeding.

j. Concrete Aircraft Apron.

k. Asphalt Parking Lot not including asphalt surface, which will be done by Tenant's contractor.

EXHIBIT "D"

PHASE II SITE WORK

Phase II Site Work: Infrastructure Improvements, Dungan Engineering P.A.

Off-Site and On-Site Infrastructure Improvements.

a. Water main extension to existing City main.

b. Pumped sewer main extension to existing pump station at Wal-Mart.

c. Gravity sewer mains at the Airport Facility to serve Chevron.

d. Water mains at the Airport Facility to serve Chevron and the Public Wash Facility.

e. Gas main to existing City main.

f. Electrical for parking lot lighting and wash facility.

g. Storage tank and pump with enclosed building for Chevron's fire suppression system.

h. NPDES Permits required for the entire project.

i. Public Wash Facility. (Oil water separator to be tied to Chevron.)

EXHIBIT "E"

ATTORNMENT AGREEMENT

STATE OF MISSISSIPPI
PEARL RIVER COUNTY

THIS ATTORNMENT AGREEMENT is made this _____ day of _____, 2001, by and between the CITY OF PICAYUNE, MISSISSIPPI, a municipal corporation organized and existing under the laws of the State of Mississippi (the "City"); _____, a(n) _____ (the "Tenant"); and _____, a(n) _____ (the "Subtenant").

RECITALS:

A. By lease agreement (the "Prime Lease") dated _____, 2001, and recorded in the Office of _____ in _____ Book _____ at page _____, the City heretofore leased unto Tenant certain real property situated in Pearl River County, Mississippi, as more particularly described in the Prime Lease and in Exhibit A attached hereto and made a part hereof as though set forth in full herein (the "Premises"), for the term and upon and subject to the terms and conditions set forth in said Prime Lease.

B. The City is the owner in fee simple of the Premises leased under the terms of the Prime Lease, together with the landlord's interest in and to the Prime Lease, and has full power and authority to execute and deliver this Agreement.

C. By sublease agreement (the "Sublease") dated as of _____, 2001, Tenant, as sublandlord, has leased and demised to Subtenant, as subtenant, the Premises together with the buildings and improvements to be constructed thereon, for the term and upon and subject to the terms and conditions as more particularly set forth in the Sublease.

D. A copy of the Sublease has been exhibited to the City and the City has agreed to consent to the Sublease and to approve the terms, covenants and conditions thereof, and the City and Subtenant are willing to agree that the Sublease (subject to the provisions of Sections 5 and 6 hereof) shall remain in full force and effect in the event of the termination of the Prime Lease.

NOW, THEREFORE, in consideration of the premises, the parties hereto mutually covenant and agree as follows:

1. The City consents to the execution and delivery of Sublease by and between Tenant, as sublandlord, and Subtenant, as subtenant.

2. The City agrees that no act which either Tenant or Subtenant (or both) is or may be required or permitted to do under the terms of the Sublease shall constitute a default under the Prime Lease.

3. Tenant and Subtenant each agrees with the City that it will perform and comply with all of the terms, covenants and conditions of the Sublease which are now or hereafter binding upon it, respectively, and Subtenant agrees that it will not prepay, and Tenant agrees that it will not accept, any payments of base or minimum rent more than thirty (30) days in advance (except and only to the extent as may be required or permitted under the Sublease in the event of a default by Subtenant or a termination of the Sublease in accordance with the terms and provisions thereof).

4. In the event that the Prime Lease expires or is terminated, cancelled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City and Subtenant agree that the Sublease shall remain in full force and effect in accordance with its terms and provisions as a direct lease between the City, as landlord, and Subtenant, as tenant, with the same force and effect as if the City had originally entered into such Sublease as Landlord thereunder (subject, however, to the prior rights of the holder of any "Mortgage," as said term is

defined in the Prime Lease), and thereafter this Agreement shall be of no further force and effect (except that the provisions of Section 5 of this Agreement shall be and remain in full force and effect and the Sublease shall be deemed to have been amended as provided in Section 5 hereof). The City further agrees that the Subtenant shall not be joined in any action or proceeding by the City to recover possession of the Premises or for other relief.

5. Notwithstanding anything to the contrary provided herein or in the Sublease, in the event the Prime Lease expires or is terminated, cancelled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City covenants and agrees with Subtenant that the City shall continue to satisfy and perform all of its covenants, obligations, agreements and services under and pursuant to Sections 5.1(c) and 5.4 and Articles VIII, IX and XIII of the Prime Lease, and the City shall continue to have the use and benefit of the "Landlord's Reserved Easements" under Sections 5.1(c) and 5.4 of the Prime Lease, all upon and subject to the terms and conditions as more particularly set forth in said Sections and Articles of the Prime Lease, and the City and Subtenant agree that the terms and provisions of said Sections and Articles of the Prime Lease shall be incorporated into the Sublease as additional covenants thereunder. The terms and provisions of this Section 5 shall survive the expiration, cancellation or other termination of the Prime Lease and of this Agreement and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Any notices respecting provisions of this Agreement or of the Prime Lease or Sublease (other than requests by a party for approvals or instructions from any other party, and any such approvals or instructions given by a party to the other, under and pursuant to Section 24.3 of the Sublease) shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to the City:

_____
_____
_____
_____

If to Tenant:

_____
_____
_____
Attention: _____

If to Subtenant:

_____
_____
_____
Attention: _____

All notices shall be considered to have been given on the earlier of receipt or three business days after the date of mailing or one business day after the date of delivery to an overnight courier as provided herein. Any party may change its address for purposes of notice under this Section to any address within the continental United States of America upon thirty (30) days' advance written notice to the other parties.

7. The obligations of the parties hereto shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each provision hereof shall be deemed both a covenant and a condition and shall run with the land.

IN WITNESS WHEREOF, the City, Tenant and Subtenant have each executed this Attornment Agreement under seal as of the day and year first above written.

EXHIBIT "F"

MINIMUM STANDARDS AND
RULES AND REGULATIONS

REGULAR MEETING DATED MARCH 29, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Bates, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to enter executive session to discuss potential litigation matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a potential litigation matter.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Bates, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a potential litigation matter and took no action.

ORDER TO ADJOURN

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to adjourn until April 3, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

April 3, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, April 3, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates, Mark Thorman, and Leavern Guy, City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Mayor Spiers, followed by the Pledge of Allegiance.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REQUESTS REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Public Records Requests Report for February 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER REQUEST TO PURCHASE CEMETERY PLOTS

Upon recommendation of the Cemetery Sexton, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the purchase of plots 7 and 8, Block P, Palestine Cemetery from Roy Wells at the price of $120.00 and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

CONSIDER BID AWARD FOR SEWER PUMPS

Upon recommendation of the Purchasing Agent, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to reject all bids on the sewer pumps due to the budget restrictions. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO ACKNOWLEDGE COMPLETION OF COURT CLERK TRAINING

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to acknowledge Charlotte Penton's completion of the Municipal Court Clerks Spring Statewide Seminar held on March 15-16, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER DESIGNATE AGENT FOR FEMA DISASTER ASSISTANCE

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to designate the City Manager as agent to execute the applications for Federal financial assistance under the Disaster Relief Act of 1974 related to the March 3, 2001 flooding in the City. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

PROCLAMATION OF "JUNIOR AUXILIARY WEEK"

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to adopt the following proclamation related to "Junior Auxiliary Week":

PROCLAMATION

WHEREAS, The Junior Auxiliary of Picayune, Mississippi a Chapter of the sixty year old National Association of Junior Auxiliaries, Inc., represents a serious endeavor on the part of women to be active and constructive participants in the community and to assume responsible leadership in meeting community needs; and

WHEREAS, The mission of the National Association of Junior Auxiliaries, Inc., is to encourage member Chapters to render charitable services which are beneficial to the general public, with particular emphasis on children; and to cooperate with other organizations performing similar services; and

WHEREAS, The Junior Auxiliary of Picayune, Mississippi works actively to perform the mission of the National Association of Junior Auxiliaries, Inc., in this community; and we appreciate their efforts.

NOW, THEREFORE, The Mayor and City Council of the City of Picayune, Mississippi do hereby proclaim the week of April 2-8, 2001 as JUNIOR AUXILIARY WEEK in Picayune, Mississippi sponsored by the National Association of Junior Auxiliaries, inc., and urge all citizens, all civic and fraternal groups, all news media, and other community organizations to join in the salute to Junior Auxiliary volunteers who have been an important presence in this community.

_____
Woody Spiers, Mayor

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to approve the monthly claims docket for April 2001 in the total amount of $361,016.44. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

At this time Councilmember McQueen entered the meeting.

At this time City Attorney Gerald Cruthird entered the meeting.

CONSIDER CONTRACT FOR AMBULANCE SERVICES

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve and authorize the Mayor to sign the following contract with Emergystat, Inc. for ambulance service:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

CONTRACT FOR AMBULANCE SERVICE

This CONTRACT is executed and entered into by and between Emergystat, Inc., a corporation organized and existing under the laws of the State of Mississippi, hereinafter referred to as "Company", and the City of Picayune, Mississippi, a Mississippi municipal corporation, acting by and through its Mayor and City Council, hereinafter referred to as "City."

WITNESSETH:

WHEREAS, the City desires to provide its citizens the best available quality ambulance service for the greater public good, general welfare and safety of its community; and

WHEREAS, the City desires to secure for citizens located and residing within the territorial limits of the City of Picayune, a professionally staffed and trained, well-equipped and continuous emergency ambulance service; and

WHEREAS, based on proposals received by the Mayor and City Council of the City, Emergystat, Inc. is available and willing to operate a public ambulance service within these territorial limits.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, promises and affirmations as hereinafter set forth, it is hereby mutually agreed between the parties, the City of Picayune, Mississippi and Emergystat, Inc., as follows:

1. Grant of Rights: Subject to the terms herein, the City grants unto Emergystat, Inc. the sole and exclusive right to provide emergency and non-emergency medical transportation services within the territorial limits of the City of Picayune, Mississippi and to the City of Picayune's residents located and residing therein and that such medical transportation services shall be deemed to include transportation by means of any transportation vehicles, including but not limited to ambulances, hereinafter described, for the benefit of the general public to any

healthcare provider, including, but not limited to hospitals, nursing homes, clinics, etc. and the provision of pre-hospital emergency medical services in connection with such transportation.

2. Compliance with Federal, State and City Regulations, Laws, and Ordinances: The Company agrees to immediately take the necessary action to comply with and to meet or exceed all applicable laws, statutes, rules, regulations, accreditation standards and other requirements, federal, state and local, as the same now exist or may be enacted or amended during the term of this contract, including but not limited to the City of Picayune, Mississippi Ordinance No. 651A.

3. Area of Responsibility: The Company will provide ambulance service for the geographical area located within the territorial limits of the City and to the resident citizens therein.

4. Term: The term of this contract shall be for one (1) period of three (3) years commencing on the 1st day of April, 2001 and ending on the 31st day of March, 2004.

5. Compensation for Services: All compensation due the Company for services rendered hereunder shall be funded from the charges to governmental, commercial and private users of such services according to the schedule of charges fixed and established by the Company. The Company is to be solely responsible for all billing and collection for ambulance services, all of which said sums collected shall be the sole property of the Company. Notwithstanding its schedule of charges so established, the Company does hereby agree to provide unto the City at a reduced rate any such ambulance services as are necessary for the treatment and transportation of on-duty City personnel and the transfer of inmates from the City's jail for all transports requiring emergency, non-emergency and inter-hospital services required by such inmates.

6. Services to be Furnished by Emergystat, Inc.: The Company shall furnish, operate and provide for the City an advanced life support ambulance service, staffed by paramedic personnel so as to provide the public with advanced life support capabilities on all transports, including emergency, non-emergency and inter-hospital services, which ambulance service shall include the following:

(a) The Company shall maintain all necessary personnel, including the station supervisor, medics, clerical and office personnel, to sufficiently staff with paramedic personnel and EMT-level personnel, the following described emergency vehicles, to-wit:

(i) A minimum of two (2) ambulances 24 hours daily;

(ii) Two (2) ambulances staffed as needed during normal business hours for inter-facility and non-emergency transports and available in an on-call status for emergency calls at other times.

(b) The Company covenants and agrees to provide a response time performance of eight (8) minutes or less greater than ninety percent (90%) of the time on calls of an emergency nature.

(c) The Company shall provide service from an established location within the City and shall supply adequate office space, sleeping quarters and garage space, and will furnish all necessary utilities required for the ambulance service.

(d) The Company shall man each and every ambulance that transports patients with drivers and/or attendants that are duly licensed to operate and drive the ambulances and who have a thorough knowledge and understanding of all laws and ordinances of the state, county, and city relating to vehicular traffic on the public streets and roads and also a thorough knowledge and understanding of that portion of the traffic code and other ordinances relating to the operation of emergency vehicles.

(e) The Company agrees to maintain and keep in full force and effect during the term of this Contract the following insurance coverages and/or bonds, to wit:

(i) Public liability insurance covering the ambulance units, their operations and all drivers thereof for single limit coverage of not less than $1,000,000.00 and aggregate coverage of not less than $3,000,000.00;

(ii) Workmen's Compensation insurance coverage for all employees of the Company of an amount required by Mississippi law; and

(iii) Professional liability coverage with single limit coverage of not less than $1,000,000.00.

Notwithstanding the foregoing insurances/bonds to be furnished by the Company unto the City, the Company shall further indemnify and hold the City free and harmless form and against any and all losses, claims, demands, actions, causes of action or expenses of whatever kind and character, including attorneys' fees, that the City may suffer or incur by reason of any negligent actions or omissions by the Company, it agents and employees in connection with or arising out of the operation by the Company of the public ambulance service contemplated by this Contract.

(f) At all times during the term of this Contract, the Company shall maintain the ambulance units and their communication and other related equipment in good operating condition in compliance with the

applicable rules and regulations of the Emergency Medical Services Division of the Mississippi State Board of Health.

(g) The Company shall obtain and keep in full force and effect all necessary certifications and permits from the Emergency Medical Services Division of the Mississippi State Board of Health for the ambulances and the medics assigned thereto at the advanced life support level.

(h) The Company shall furnish all necessary drugs, medicines, oxygen and other emergency medical supplies required in the care of patients while being transported by the ambulance.

(i) The Company shall keep and maintain records and statistical data relating to its operations of a public ambulance service in the City and its environs. The Company shall make periodic quarterly reports to the Mayor and City Council in order that the appropriate City officials will remain knowledgeable of the ambulance operations. However, if the response time for any month falls below the guaranteed response time listed in item 6.b. of this Contract, the Company will make an immediate report to the City Manager by the 10th day of the following month and will make monthly reports to the Mayor and City Council until the guaranteed response time is maintained for three (3) consecutive months.

(j) The Company will implement medical treatment protocol and written standing orders as approved by the Emergency Medical Services Division of the Mississippi State Board of Health.

(k) The Company will develop and implement an agreement with the Fire Department of the City for assistance in the extrication of patients at automobile and other accidents where patients may be trapped; and will develop and implement with the Fire Department of the City a "first responders program" for other medical emergencies. The Company will assist, through coordination with the Fire Chief, Fire Department personnel in meeting and maintaining training requirements and certification related to emergency medical services.

(l) The Company will provide, at no additional charge and on an "as available" basis, a standby ambulance at any public function, such a high school football games conducted within the jurisdictional boundaries of the City; however, a charge, to be determined by the Company, will be made to the promoters thereof for standby ambulance service at private "for profit" events, such as rodeos, fairs, carnivals and other similar events.

(m) The Company shall transport patients to the hospital of their choice, or as indicated by medical treatment protocol in those instances where a patient may be unresponsive. The Company may also respond, if needed, in an emergency situation or when prescribed by a physician to calls across any other political or jurisdictional boundary.

(n) The Company will review patient reports to assure quality patient care. To assist the Company in maintaining quality patient care and to meet quality guidelines imposed by regulatory authorities, the ambulance staff of the Company will attend advanced life support critique meetings with Crosby Memorial Hospital Emergency Department.

(o) The Company will maintain current and continue to negotiate certain "Mutual Aid" agreements with other ambulance service providers, especially those providers with that provide services in other areas of Pearl River County and in counties or parishes bordering Pearl River County.

(p) The Company shall not be required to maintain a subscription membership service.

7. Conditions, Agreements and Covenants to be Kept and Performed by the City of Picayune: The City agrees as follows:

(a) Upon meeting the requirements therefore, the City agreed to issue unto the Company a permit of license for the operation of ambulance service within the jurisdictional area of the City pursuant to the provisions of Ordinance No. 651A of the Picayune Code of Ordinances.

(b) The City agrees to accept requests or calls for ambulance service on its "911 telephone line" and to initiate the response by the Company by notifying its staff. The City shall cause a record to be made of the time at which the request was received by the City's representative and the time at which the City's representative notified the Company of the request. Such records shall be made available to the Company in order that the Company may document and evaluate response time by it.

(c) Prior to the commencement of the term of this Contract, the City shall take any and all necessary action of effectuate the transfer of any ambulance units or other related equipment in which it still retains either an ownership or leasehold right to from its prior ambulance provider, Rapid Response EMS, unto the Company.

(d) For so long as this Contract is in effect, the City shall not contract with

any other ambulance service to provide ambulance service with the jurisdiction of the City.

(e) The City shall indemnify and hold the Company free and harmless from and against any and all losses, claims demands, actions, causes of action or expenses of whatever kind and character, including attorneys' fees, that the Company may suffer or incur by reason of, resulting from or growing our of the negligent acts or omissions of the City, its servants and employees, in connection with or arising out of the operation of the Company of the public ambulance service under this Contract.

8. Right to Terminate: Either the City or the Company shall have the right to terminate this Contract prior to the expiration of the term hereof at any time, with or without cause, on ninety (90) days written notice to the other party.

9. Notices: All notices to or demands upon the City or the Company desired or required to be given under any provisions of this Contract shall be deemed to be properly given when the same is deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the following address:

COMPANY: Emergystat, Inc.
P.O. Box 1497
Vernon, Alabama 35592

CITY: City Manager
City of Picayune
203 Goodyear Boulevard
Picayune, Mississippi 39466

10. Assignment: Neither party may, without the prior consent of the other party, subcontract, assign, sublease or otherwise transfer, in whole or in part, this agreement or any of its rights, duties or obligations under this Contract.

11. Entire Agreement: This Contract and the covenants and agreements set forth herein is and shall constitute the entire Contract between the parties. Each party to this Contract hereby acknowledges and agrees that the other party has made no warranties, representations, covenants or agreements, expressed or implied, to such party other than those expressly set forth herein, and that each party in entering into and executing this Contract has relied upon no warranties, representations, covenants or agreements other than those expressly set forth herein.

12. Amendment: This Contract shall not be varied in its term by oral agreement or representation or otherwise than by an instrument in writing of date even herewith or subsequent hereto, executed by appropriate officials of both parties.

13. Legal Jurisdiction: The laws of the State of Mississippi shall govern the interpretation and/or legal effect hereunder, and the Courts within the State of Mississippi shall have the jurisdiction over any dispute arising out of or under the terms of this Contract.

14. Independent Contractors: It is distinctly understood, acknowledged and agreed that neither an employer-employee, nor principal-agent, nor partnership, nor joint venture relationship shall be created or exist between the Company and the City, or any of their respective employees or personnel, under or by virtue of this Contract; and that the relationship between the Company and the City shall at all times be that of independent contractors.

THIS CONTRACT EXECUTED IN DUPLICATE on this the 3rd day of April, 2001, but to be effective as of April 1, 2001.

EMERGYSTAT, INC.

BY: _____

ATTEST: PRINTED NAME: _____

_____ DATE: _____

CITY OF PICAYUNE, MISSISSIPPI

BY: _____

ATTEST: PRINTED NAME: Woody Spiers, Mayor

_____ DATE: April 2, 2001

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF MANUAL CHECKS

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $52,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to accept the minutes of the Planning Commission dated February 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of minutes of the Planning Commission dated March 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR CONDITIONAL USE FOR PROPERTY ON HIGHWAY 43 NORTH

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to table the request of Dr. Tom McRaney for a conditional use for property located on the south side of Highway 43 North between Read Road and Orleans Boulevard for the use of medical oriented, related and supportive uses. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO PLACE MOBILE HOME IN R-3 ZONE ON FANNIE AVENUE

Motion was made by Councilmember Bates , seconded by Councilmember Guy, to approve the request of Curtis and Pearlie Robinson to place a mobile home at 502 Fannie Avenue, R-3 zone. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO WAIVE THE REQUIREMENTS OF ORDINANCE 704, SECTION 12, TO PLACE A TELECOMMUNICATIONS TOWER ON BRUCE STREET

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the request of Dan Snellings for a waiver of the requirements of Ordinance 704, Section 12, that requires that telecommunications towers may not be located within ¼ mile from each other. Mr. Snellings requested to place a tower on Bruce Street behind the present location of Don's Seafood. The waiver is for distance only, and does not waive the height restrictions of the ordinance. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Bates , seconded by Councilmember Guy, to recess until April 17, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

Sabrina Diamond

Sabrina Diamond, City Clerk

April 17, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, April 17, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates, Mark Thorman, Leavern Guy, and Kelly McQueen, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Assistant Police Chief David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Councilmember Guy, followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to approve the minutes of March 20, 2001, March 22, 2001, March 29, 2001 and April 3, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to acknowledge receipt of the minutes of the Pearl River County Development Association (PRCDA) dated January 29, 2001 and March 5, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to acknowledge receipt of the monthly Privilege License Report for March 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED APRIL 17, 2001

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PUBLIC RECORDS REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to acknowledge receipt of the monthly Public Records Report for March 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to acknowledge receipt of the Monthly Budget Report for March 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PROPERTY CLEANUP PUBLIC HEARING FOR 604 WEST STREET

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to set the date and time of May 15, 2001 at 6:00 p.m. for a public hearing on property cleanup for property located at 604 West Street. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN LOAN AGREEMENT FOR AIRPORT LOAN

Upon recommendation of the Grants Administrator, motion was made by Councilmember Thorman, seconded by Councilmember Bates, to authorize the Mayor to sign the following loan agreement with the Mississippi Development Authority for the t-hangar loan:

MISSISSIPPI DEVELOPMENT AUTHORITY
AIRPORT REVITALIZATION LOAN PROGRAM

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 1, 2001 (this "Agreement") by and between the Mississippi Development Authority ("MDA") and the City of Picayune/Picayune Municipal Airport (the "Local Entity") set forth in Item 1 of Annex A.

WITNESSETH:

WHEREAS, the Mississippi Business Investment Act, constituting Sections 57-61-1 et seq., Mississippi Code of 1972, as amended (the "Act"), was enacted for the purpose of promoting business and economic development in the State of Mississippi (the "State") through job programs by providing loans and grants to municipalities to assist in securing investment by private companies locating in the State; and

WHEREAS, pursuant to Section 57-61-41 of the Act, MDA is authorized to make interest-bearing loans to state, county or municipal airport authorities for the purpose of making improvements to airport facilities thereby promoting commerce and economic growth; and

WHEREAS, the Local Entity has decided to improve airport facilities and has requested MDA to finance a portion of the cost associated with the development of said airport improvements, all as more particularly described in Item 2 of Annex A (the "Project"); and

WHEREAS, pursuant to the Act and the guidelines adopted by MDA under the Act (the "Guidelines"), the Local Entity has filed an application (the "Application") with MDA for a loan to be used for the development and operation of the Project; and

WHEREAS, based upon the Application and other relevant factors, MDA has agreed to provide the Local Entity with a loan under the Act in the amount set forth in Item 3 of Annex A (the "Loan") under the terms and conditions set forth in Item 4 of Annex A, in order to fund, in part, the establishment and development of the Project by the Local Entity; and

WHEREAS, to secure the payment of the Loan, the Local Entity has authorized, executed, and delivered the Note (as hereinafter defined) to MDA.

NOW, THEREFORE KNOW ALLMEN BY THESE PRESENTS, THIS LOAN AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, do hereby agree as follows:

SECTION 1. Loan. Subject to and upon the terms and conditions set forth herein, MDA agrees to make the Loan to the Local Entity and the Local Entity agrees to borrow the proceeds of the Loan from MDA. The loan will be evidenced by a promissory note payable to the order of MDA and dated as of the date hereof in substantially the form attached hereto as Exhibit A (the "note"), which Note shall bear interest at the rate or rates per annum set forth in Item 4 of Annex A and as shown on the face of the Note. Subject to the provisions of this Agreement, the Act, the Application, and the Guidelines, and upon execution of this Agreement, the Note and any other documents required by MDA to secure the Local Entity's repayment of the Loan, MDA shall pay the proceeds of the Loan unto the Local Entity in order to finance, in part, the Project.

SECTION 2. Loan Payments and the Note. All payments payable by the Local Entity under this Agreement and the Note (the "Loan Payments") are due and payable at the times and in the amounts set forth in Item 4 of Annex A. MDA directs the Local Entity, and the Local Entity agrees to pay to MDA, at the address set forth in Section 9 herein below, all payments payable by the Local Entity pursuant to this Agreement.

In the event the Local Entity shall not make or cause to be made any of the Loan Payments, the Loan Payments so in default shall continue as an obligation of the Local Entity until the amount in default shall have been fully paid, and the Local Entity will pay the same with interest thereon until paid at the rate or rates per annum borne by the Note.

The Local Entity shall execute the Note to evidence its obligation to make the Loan Payments and any other sums payable by the Local Entity hereunder.

It is understood and agreed that all Loan Payments by the Local Entity under this Agreement and the Note shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by MDA, or the State of any obligation to the Local Entity, whether hereunder or otherwise, or out of any indebtedness or liability at anytime owing tot he Local Entity by MDA or the State.

The Local Entity may, at its option, at any time and from time to time, upon not less than five (5) days written notice to the MDA, prepay the Loan without premium or penalty.

SECTION 3. Representations of MDA. MDA makes the following representations as the basis for the undertakings on the part of the Local Entity herein contained.

(a) MDA is an agency of the State and is authorized pursuant tot he provisions of the Act and the Guidelines to enter into the transactions contemplated by this Agreement.

(b) MDA has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(c) MDA is not in default under any provisions of the laws of the State material to the performance of its obligations under this Agreement.

(d) MDA has been duly authorized to execute and deliver this Agreement and by proper action has duly authorized the execution and delivery hereof and as to MDA, this Agreement is valid and legally binding and enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited (1) by bankruptcy, reorganization, or similar laws limits the enforceability of creditor's rights generally or (2) by the availability of any discretionary equitable remedies.

(e) The Loan for the acquisition, construction, installation, equipping, and/or rehabilitation of the Project by the Local Entity, as provided by this Agreement, will further the purposes of the Act, to with: to assist state, county or municipal airport authorities for the purpose of improving airport facilities to promote commerce and economic growth.

SECTION 4. Representations of the Local Entity. The Local Entity makes the following representations as the basis for the Loan and the undertakings on the part of MDA herein contained:

(a) The Local Entity has all necessary power and authority to enter into and perform its duties under this Agreement and the Note and, when adopted or when executed and delivered by the respective parties hereto and thereto, this Agreement and the Note will constitute legal, valid, and binding obligations of the Local Entity enforceable in accordance with their respective terms except to the extent that the enforceability of the rights set forth herein and therein may be limited by bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally and except to the extent that the enforceability of the rights set forth herein and therein may be limited by the validity of any particular remedy. The execution and delivery of this Agreement and the Note and compliance with the provisions of each, will not conflict with, or constitute a breach of or default under, the Local Authority's duties under any law, administrative regulation, court decree, resolution, charter, by-laws, or other agreement to which the Local Entity is subject or by which it is bound.

(b) There is no consent, approval, authorization or other order of, filing with, or certification from any regulatory authority having jurisdiction over the Local Entity required for the execution and delivery or the consummation by the Local Entity of any of the transactions contemplated by this Agreement and the Note which have not already been obtained.

(c) There is no action, suit, proceeding, or investigation at law or in equity before or by any court, governmental agency or body pending or, to the best knowledge of the Local Entity, after reasonable investigation and due inquiry, threatened against the Local Entity to restrain or enjoin the execution or delivery of the Note, or the making of the loan payments contemplated by this Agreement and the Note, or in any way contesting or affecting the validity of this Agreement and the Note or contesting the powers of the Local Entity to adopt, enter into or perform its obligations under any of the foregoing or materially and adversely affecting the properties or conditions (financial or otherwise) or existence or powers of the Local Entity.

(d) It shall comply with the terms and provisions of this Agreement, the Note, the Act, and the Guidelines.

(e) It is not in default under any previous loans from MDA, the State, or the federal government.

(f) All information furnished by the Local Entity to MDA for the purpose of approving the Loan, including, but not limited to, the Application, is true, accurate, and complete as of the date hereof and thereof.

(g) The Project will be dedicated to the development of commerce and economic growth as more particularly described in Item 2 of Annex A.

(h) The Loan is being made to finance the Project and will not be used for any other purpose.

SECTION 5. Covenants of the Local Entity. The Local Entity covenants and agrees, until the Loan is repaid and satisfied in full according to the terms of this Agreement, as follows:

(a) The Local Entity agrees that so long as the loan is outstanding and the project is in operation it will operate the Project, or cause the Project to be operated, as in accordance with the Act, the Guidelines and the Application.

(b) The Local Entity will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals.

(c) The Local Entity shall pay, or make provisions for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by the federal, state or any municipal government with respect to or upon the Project or any part thereof or upon any payments hereunder when the same shall become due.

(d) The Local Entity shall not, without the prior written consent of MDA, create, assume or otherwise suffer to exist any mortgage, pledge or other encumbrance upon the project.

(e) Throughout the term of this Agreement, the Local Entity shall keep the Project continuously insured against such risks as are customarily insured against by airports or like size and type, paying the same becomes dues all premiums in respect thereto, including, but not limited to, casualty insurance against loss and/or damage to the Project

(f) The Local Entity shall at all times keep proper books of account in a manner satisfactory to MDA and hereby authorizes MDA to make or cause to be made, at the Local Entity's expense and in such manner and at such times as MDA may required (i) inspections and audits of any books, records and papers in the custody or control of the Local Entity or others, relating to the financial or business conditions of the Project; (ii) inspection and appraisals of the Project. The Local Entity hereby authorizes all federal, state and municipal governments to furnish reports of examinations, records and other information relating to the conditions and affairs of the Project and any desired information from reports, returns, files and records of such authorities upon request thereof by MDA and to permit representatives of MDA to have full access from time to time, and make copies of and extracts from, any and all reports or returns by, or with respect to the Project, and all reports of examiners or other information concerning the Project contained in the files and records of such authorities.

(g) The Local Entity shall promptly give to MDA written notice of (i) any event of default as specified in Section 9 hereof or any event that, upon lapse of time or notice or both, would become an event of default; (ii) the sale or execution of a contract for sale of the Project, which notice shall be sufficiently in advance to permit MDA reasonable inquiry concerning such transactions; and (iii) the occurrence of any event or matter that has resulted or will result in a material adverse change in business, assets or operating or financial condition of the Project.

SECTION 6. Defaults and Remedies. The following shall be "events of defaults" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) failure by the Local Entity to pay or cause to be paid when due any payments required to be paid under Section 2 hereof and the Note;

(b) failure by the Local Entity to observe and perform in any material way any covenant, conditions or agreement on its part to be observed or performed as set forth herein, which failure shall not be cured to the satisfaction of MDA within the earlier of ten (10) days after actual knowledge thereof by the Local Entity or written notice, specifying such failure and requesting that it be remedied, is given to the Local Entity of MDA;

(c) any written representation or written warranty made by the Local Entity in or with respect to this Agreement shall prove to have been false in any material respect at the time of execution by the Local Entity of this Agreement;

(d) the Local Entity shall commence a voluntary case or other proceeding in bankruptcy or seeking liquidation, reorganization, arrangement, readjustment of its debts or for any other relief under the federal bankruptcy laws, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing or shall take any other action indicating its consent to , approval of, or acquiescence in any such case or proceedings, and said proceeding is not dismissed within thirty (30) days after the commencement thereof; the Local Entity shall apply for, or consent to or acquiesce in the appointment of a receiver, liquidator, custodian, sequestrator or a trustee for all or a substantial part of its property; the Local Entity shall make an assignment for the benefit of its creditors; or the Local Entity shall fail, or shall admit in writing its failure, to pay its debts generally as such debts become due;

(e) there shall be filed against the Local Entity an involuntary petition in bankruptcy or seeking liquidation, reorganization, arrangement, readjustment of its debts or any other relief under the federal bankruptcy laws, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and such petitions is not set aside within thirty (30) days after such filing; or a receiver, liquidator, custodian, sequestrator or trustee of the Local Entity for all or a substantial par t of its property shall be appointed without the consent or approval of the Local Entity or a warrant of attachment, execution or similar process against any substantial part of the property of the Local Entity is issued; and continuance of any such events for thirty (30) days undismissed or undischarged or within such thirty (30) days, the entering of an order for relief under the United States Bankruptcy Code; or

(f) there is a material adverse change in the financial condition of the Local Entity which would, in the opinion of MDA endanger MDA's ability to collect the Loan.

Whenever an event of default shall have occurred and be continuing, MDA may at any time thereafter, at their option, declare the Loan to be due and payable, whereupon the maturity of the then unpaid balance of the Loan shall be accelerated and the same shall forthwith become due and payable without presentment, demand, protest or notice of any kind, all or which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding, and MDA may take any action at law or in equity to enforce this Agreement to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Local Entity under this Agreement or the Note. No remedy conferred upon or reserved to MDA by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission or exercise any right or power occurring upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. If the Local Authority shall default under any of the provisions of this Agreement and MDA shall employ attorneys or incur other expenses for collection of the Loan payments or for the enforcement or performance or observance of any obligation or agreement on the part of the Local Entity contained in this Agreement or the Note, the Local Entity, will on demand therefore pay the reasonable fees and expenses of MDA and its attorneys as they are incurred including all fees of counsel incurred for negotiation, trial, appeals or ruling of any lower tribunals, administrative hearings, bankruptcy any creditors' reorganization proceedings.

Pursuant to Section 57-61-15 of the Act, if payment of any amount due on the Bond or under this Agreement is not made when the same becomes due and payable by the Local Entity, the Local Entity shall forfeit the right to receive its sales tax allocation and/or homestead exemption reimbursement in an amount sufficient to repay such obligations until such time as such obligations have been discharged or arrangements to discharge the same having been made which shall be satisfactory to MDA. Sales tax allocations and/or homestead exemption reimbursements forfeited shall, upon demand by MDA made in writing upon the State Tax Commission, be paid to the State and applied to the discharge of such obligations. If the Local Entity forfeits its sales tax allocation and/or homestead exemption reimbursement for twelve (12) months, it shall levy an ad valorem tax on the taxable property within its territorial jurisdiction for the purpose of meeting such obligations as required by the Act. The Local Entity joins in this Agreement to acknowledge its obligations under this Agreement and pursuant to Section 57-61-15 of the Act.

SECTION 7. Release and Indemnification of MDA and State. The Local Entity hereby releases MDA and the State from, and agrees that MDA, the State and their respective officers, directors, members, employees, attorney and agents shall not be liable for, and agrees to indemnify and hold MDA and the State and their respective officers, directors, members, employees, attorney and agents harmless against:

(a) any liability, cost or expense in the administration of this Agreement and the Note and the obligations imposed on MDA and the State hereby and thereby;

(b) any or all liability or loss, cost or expense, including reasonable attorney's fees, resulting from or arising out of any loss or damage to property or injury to or death of any person occurring on or about the Project or resulting from any defect in the fixtures, machinery, equipment or other property located on the Project or arising out of, pertaining to, or having any connection with the Project or the financing thereof (whether or not arising out of acts, omissions or negligence of the Local Entity); and

(c) any and all claims, damages, judgments, penalties, costs and expenses (including attorney's fees and court cost now or hereafter arising from the aforesaid enforcement of this paragraph) arising directly or indirectly from the activities of the Local Entity, its predecessors in interest, third parties with whom it has a contractual relationship or arising directly or indirectly from the violation of any environmental protection, health or safety law, whether such claims are asserted by any governmental authority or any other person which indemnity shall survive termination of this Agreement.

SECTION 8. Compliance with Environmental Laws. The Local Entity shall cause all business, operations, and activities at or upon the Project at all times during the term of this Agreement to be conducted in compliance with all applicable federal, state, or local laws, ordinances, rules or regulations concerning public health, safety or the environment. These include, but are not limited to, the following:

(a) The Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C., 9601 et seq.;

(b) The resource Conservation and Recovery Act, as amended, 42 U.S.C., 6901 et seq.;

(c) The Clean Water Act, as amended, 33 U.S.C. 1251 et seq.;

(d) The Safe Drinking Water Act, as amended, 42 U.S.C. 300(f) et seq.;

(e) The Toxic Substances Control Act, as amended, 15 U.S.C. 2601 et seq.;

(f) The Clean Air Act, as amended, 42 U.S.C. 7401 et seq.;

(g) The Emergency Planning and Community Right-to-Know Act of 1986, as amended, 42 U.S.C. 11001 et seq.;

(h) The Occupational Health and Safety Act, as amended, 29 U.S.C. 651 et seq.;

(i) The Mississippi Air and Water Pollution Control Law, as amended, Miss. Code Ann. 49-17-1 et seq.;

(j) The Mississippi Solid Waste Disposal Law of 1974, as amended, Miss. Code Ann. 17-17-1 et seq.;

(k) The Mississippi Underground Storage Tank Act of 1988, as amended, Miss. Code Ann. 49-17-401 et seq.; and

(l) The Mississippi Conservation of Groundwater Law, as amended, Miss. Code Ann. 51-4-1 et seq.

SECTION 9. Notice Addresses. All notices given pursuant to this Agreement shall be in writing signed by the party giving the notice and shall be given by (a) certified mail, postage prepaid, (b) prepaid overnight delivery, or (c) hand delivery. For the purposes of this Agreement, notices shall be sent to the parties at the addresses set forth in Item 5 of Annex A hereto or to such other addresses that the parties may designate in writing.

SECTION 10. Miscellaneous.

(a) The paragraph headings in this Agreement are for convenience only and are not intended to limit or interpret the provisions of this Agreement.

(b) All Annexes and Exhibits which are referred in this Agreement are made a part of and are incorporated into this Agreement.

(c) This Agreement shall be governed as to validity, construction and performance by the laws of the State of Mississippi.

(d) This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one in the same instrument.

(e) No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

(f) If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of such clause, provision or section shall not effect any of the remaining clauses, provisions or sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written on the cover page hereof.

(S E A L)

MISSISSIPPI DEVELOPMENT AUTHORITY

Attest

_____
Financial Resources

By_____
J.C. Burns, Executive Director

(S E A L)

Attest

RECESSED MEETING DATED APRIL 17, 2001

Sabrina Diamond
City Clerk

By_____
Woody Spiers
Mayor, City of Picayune

Annex A
to
Loan Agreement

Item 1 - Name of Local Entity: City of Picayune/Picayune Municipal Airport

Item 2 - Description of Project: The project funds will be used to construct sixteen T-Hangers

Item 3 - Loan Amount: $268,850.00

Item 4 - Loan Terms and Conditions
The terms of the Note shall be for 10 years at 3% annual interest. Annual payments shall be made as evidenced by the attached loan authorization schedule, except interest shall be adjusted the first year to reflect the actual dates of disbursements. All funds shall be disbursed within one year of the date of this note.

Item 5 - Address Notice:

Mississippi Development Authority
1300 Walter Sillers Building
Post Office Box 849
Jackson, Mississippi 39205
Attention: Financial Resources

City of Picayune
203 Goodyear Boulevard
Picayune, Mississippi 39466

EXHIBIT B

CITY OF PICAYUNE/PICAYUNE MUNICIPAL AIRPORT
AP-15

Pay Due Date	Beg. Bal.	Payment	Principal	Interest	New Bal
001 4/01/02	268,850.00	31,517.43	23,451.93	8,065.50	245,398.07
Subtotals for year		31,517.43	23,451.93	8,065.50	
002 4/01/03	245,398.07	31,517.43	24,155.49	7,361.94	221,242.58
Subtotals for year		31,517.43	24,155.49	7,361.94	
003 4/01/04	221,242.58	31,517.43	24,880.15	6,637.28	196,362.43
Subtotals for year		31,517.43	24,880.15	6,637.28	
004 4/01/05	196,362.43	31,517.43	25,626.56	5,890.87	170,735.87
Subtotals for year		51,517.43	25,626.56	5,890.87	
005 4/01/06	170,735.87	31,517.43	26,395.35	5,122.08	144,340.52
Subtotals for year		31,517.43	26,395.35	5,122.08	
006 4/01/07	144,340.52	31,517.43	27,187.21	4,330.22	117,153.31
Subtotals for year		31,517.43	27,187.21	4,330.22	
007 4/01/08	117,153.31	31,517.43	28,002.83	3,514.60	89,150.48
Subtotals for year		31,517.43	28,002.83	3,514.60	
008 4/01/09	89,150.48	31,517.43	28,842.92	2,674.51	60,307.56
Subtotals for year		31,517.43	28,842.92	2,674.51	
009 4/01/10	60,307.56	31517.43	29,708.20	1,809.23	30,599.36
Subtotals for year		31,517.43	29,708.20	1,809.23	
010 4/01/11	30,599.36	31,517.34	30,599.36	917.98	0.00
Subtotals for year		31,517.34	30,599.36	917.98	
Loan Totals		315,174.21	268,850.00	46,324.21	

RECESSED MEETING DATED APRIL 17, 2001

MISSISSIPPI DEVELOPMENT AUTHORITY
AIRPORT REVITALIZATIN LOAN PROGRAM
EXHIBIT A

PROMISSORY NOTE

April 1, 2001 $ 268,850.00

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay to the order of the Mississippi Development Authority ("MDA") or its assigns, the principal sum of $268,850.00, together with interest on the unpaid principal balance thereof until fully and finally paid at the rate of three percent (3%) per annum, together with all taxes levied or assessed on this Note or the debt evidenced hereby against the holder hereof and all other amounts payable by the Borrower under the Agreement (as hereinafter defined).

This Note has been executed under and pursuant to a Loan Agreement dated as of the date hereof between MDA and the Borrower(the "Agreement") which Agreement is incorporated herein in its entirety by reference. This Note is issued to evidence the obligation of the Borrower under the Agreement to repay the Loan (as defined in the Agreement) made by MDA thereunder. The Agreement includes provisions for prepayment of this Note. In the event that the terms of this Note conflict with the terms of the Agreement, the terms of the Agreement shall control.

As provided in the Agreement and subject to the provisions thereof, payments hereon are to be made to MDA at the address specified in the Agreement and on the dates and in the amounts as specified in the Agreement.

If payment hereunder becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Mississippi, the due date thereof shall be extended to the next succeeding business day. Upon the occurrence of an event of default under the Agreement, the entire amount outstanding under this Note may be declared due and payable as provided in the Agreement. Upon such declaration, the Borrower shall pay all costs, disbursements, expenses and reasonable attorney's fees of MDA in seeking to enforce their rights under the Agreement and this Note.

The Borrower (a) waives diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and notice of any renewals of extensions of this Note and (b) agrees that the time for payment of this Note may be extended at the sole discretion of MDA without impairing its liability hereon. Any delay on the part of MDA in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one (1) default shall not operate as a waiver in the event of any subsequent or continuing default.

This Note must be signed and attested by duly authorized officers of the Borrower and sealed with the seal of the Borrower.

This Note shall be governed and construed in accordance with the laws of the State of Mississippi.

The Local Entity joins in this Note to acknowledge its obligations under the terms of the Agreement and pursuant to Section 57-61-15 of the Act.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed in its name all as of the day and year first above written.

(S E A L)

Attest

_____ By_____

Sabrina Dimaond
City Clerk

Woody Spiers
Mayor, City of Picayune

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED APRIL 17, 2001

CONSIDER APPROVAL OF CONTRACT FOR SOLID WASTE COLLECTION AND DISPOSAL

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to authorize the Mayor to sign the following contract with Waste Management of Mississippi, Inc. for solid waste collection and disposal:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

SOLID WASTE AND RUBBISH COLLECTION AND DISPOSAL CONTRACT

THIS AGREEMENT, made and entered into on this, the_____day of_____, A.D. , 2001, by and between WASTE MANAGEMENT OF MISSISSIPPI, INC., hereinafter referred to as "CONTRACTOR," and THE CITY OF PICAYUNE, a Mississippi municipality, hereinafter referred to as 'OWNER";

WITNESSETH:

That the CONTRACTOR, for the consideration hereinafter fully set out, hereby agrees with the OWNER as follows

Section 1.00 Scope of Service
CONTRACTOR shall perform solid waste collection within the boundaries of the City of Picayune and furnish vehicles, equipment, labor and facilities to collect and haul solid waste and/or rubbish generated by residents and light commercial units within and haul the sold waste to OWNER's designated disposal facility (Waste Management, Inc.'s Central Landfill in Pearl River County, Mississippi); and CONTRACTOR's services shall include two (2) times weekly collection of household solid waste, and one time weekly collection of bulky waste, rubbish and tree trimmings waste.

Section 2.00 Compensation
OWNER hereby agrees to pay to the CONTRACTOR for the faithful performance of this Contract, in lawful money of the United States, an aggregate sum monthly equaling the total of all homes services in the City of Picayune times $10.25 each, or such other monthly rate as may become applicable after the expiration of the first two years of the term of this Contract, pursuant to the terms and provisions of Section 6.00 Rate Adjustments set forth hereinafter. That on or before the 20th day of each month, CONTRACTOR shall submit an invoice to the OWNER and OWNER shall make payments to the CONTRACTOR on the basis of said invoice for work performed during the preceding calendar month by the 10th of the following month with the exception of disagreements as to the invoice amount. No additional work or extras will be done unless the same shall be duly authorized by appropriate action by the OWNER.

Section 3.00 Performance Bond
3.01 The CONTRACTOR shall provide to OWNER a performance bond in the amount of two hundred thousand and no/100 DOLLARS ($200,000.00) to secure CONTRACTOR's performance of the services described herein.
3.02 Premium for the bond described above shall be paid by the CONTRACTOR. A certificate from the surety showing that the bond premiums are paid in full shall accompany the bond.
3.03 The surety on the bond shall be a duly authorized corporate surety company authorized to do business in the state.
3.04 Attorneys-in-fact who sign performance bonds or contract bonds must file with each bond a certified and effectively dated copy of their power of attorney.

Section 4.00 Type and Definitions of Services to be Performed
4.01 The OWNER – Shall mean the boundaries of the City of Picayune.
4.02 Residential Customer – Residential Customer shall mean any multi-family, dwelling of twelve or less units not including hotels or motels which require service for solid waste collection or any entity separately billed for residential water and sewer services. These units will be billed as a single unit and not as twelve (12) single units.
4.03 Light Commercial – Light commercial shall be those commercial units that are licensed and generate less than an average of two (2) yards of waste per week.
4.04 Units – the term "unit", when used in this Contract, shall mean one stop for service by the CONTRACTOR at a residential or light commercial establishment, with the total units representing the total separate stops/services rendered by the CONTRACTOR within the OWNER's jurisdiction. The term "unit" shall not include a commercial establishment with a separate contract with CONTRACTOR, a vacant residential or commercial establishment, or other properties not requiring service.
4.05 Solid Waste – Solid waste shall consist of all garbage, tree trimmings, residential trash, bulky waste and rubbish as hereinafter defined.
4.06 Garbage – Garbage shall include and mean all residential accumulations of

animal, fruit or vegetable matter that attends the preparation, use, cooking or dealing in, or storage of meats, fish, fowl, fruit, vegetables and other matter of any nature whatsoever, which is subject to decay, putrefaction and the generation of noxious and offensive gases and odors, of which, for flies and/or other germ-carrying insects, bottles, cans or containers which, due to their ability to retain water, may service as breeding place for mosquitoes or other water-breeding insects.

4.07 Tree Trimmings – Every waste accumulation of palm fronds, tree branches, parts of trees, bushes or shrubs, green leaf cuttings, fruits or other matter usually creating refuse in the care of trees and large bushes.

4.08 Residential Trash – Unless specifically provided to the contrary, the term shall include and mean all household trash, and garden and yard trash that can be deposited in garbage containers as defined in Section 5.03 of this document.

4.09 Bulky waste – Tree trimmings, branches, leaves, grass trimmings, stoves, refrigerators, water heaters, washing machines, automobile parts, furniture and other waste matter other than construction debris, dead animals or hazardous waste.

4.10 Rubbish – The term "rubbish" includes, but is not limited to non-putrescible solid waste. Combustible rubbish includes paper, wool, yard trimmings, leaves and similar materials.

4.11 Excluded waste – Waste excluded from this agreement includes hazardous waste, biomedical waste, whole trees, car batteries, dead animals, tires.

4.12 Producer – An occupant of a residential unit or light commercial business who generates waste, to be dealt with under the terms of this contract.

4.13 Construction debris shall not be collected under this Contract – Waste building material resulting from construction, remodeling, repair or demolition operations shall not be collected under this Contract.

Section 5.00 Terms of Agreement

This Agreement shall be for six (6) years. This Contract shall commence on May 15, 2001, and shall expire at midnight on April 30, 2007. The PARTIES shall have the right to renew this Contract upon mutually agreeable terms, by the OWNER submitting written intent at least six (6) months prior to March 14, 2007.

5.01 All Notices for the OWNER shall go to:

City of Picayune
203 Goodyear Boulevard
Picayune, MS 39466
Attention: City Manager

All Notices for the CONTRACTOR shall go to:

Waste Management of Mississippi, Inc.
P.O. Box 3869
Gulfport, MS 39505

5.02 Mail Notification – All notices shall be given via U.S. certified mail return receipt requested, postage prepaid. The date of the postmark of the envelope containing the notice shall be taken and conclusively treated as the date of the receipt by party receiving said notice provided said envelope is correctly addressed.

5.03 Containers – Refuse containers shall be defined to mean a plastic or galvanized metal can of a type commonly sold as a garbage can with a capacity of not less than ten (10) gallons and not more than thirty-two (32) gallons. Each such can shall have a handle or a bail by which it may be lifted and shall have a tight-fitting top. Alternately, an automated container approved by the OWNER may be used. Disposable plastic bags of type and construction for refuse storage and disposal are acceptable and may be used in lieu of the above mentioned containers to contain garbage and rubbish for storage and pickup. Tree trimmings and bulky waste items are exempt from the foregoing container requirements.

Section 6.00 Rate Adjustments

After the first two (2) years of this Contract the unit price charged to the OWNER by the CONTRACTOR shall be increased or decreased by the same percentage as the Consumer Price Index has increased or decreased during the prior calendar year; provided, however, that no single annual CPI increase shall exceed 5%. For purposes of this Contract, Consumer Price Index (CPI) shall mean the Consumer Price Index, U.S. City Average, All Urban Consumers, (1982-84=100) as published by the Bureau of Labor Statistics of the Department of Labor.

Contractor shall charge the OWNER the same disposal rate it charges Pearl River County, Mississippi to dispose of waste at its Central Landfill in Pearl River County. Therefore, OWNER's unit price will be subject to adjustment at the same time Pearl River County's disposal rate is adjusted. The initial rate to be charged to OWNER is $1.25 per unit.

In the event it becomes necessary for CONTRACTOR to dispose of OWNER's waste at a facility other than the Central Landfill, CONTRACTOR shall provide OWNER with at least sixty (60) days advance notice. Thereafter, OWNER shall be responsible for any increased costs associated with the disposal of OWNER's waste including higher disposal rates and additional transportation costs.

6.01 Service Schedule – A CONTRACTOR shall establish a schedule and maintain it as routinely as possible so as to assure that the services described in Section 1.0 "Scope of

Service" are furnished. Such collection schedule shall be approved by the City Manager and shall not provide for residential collections prior to 6:30 a.m. or later than 7:30 p.m. in residential areas.

The following holidays may be observed by the CONTRACTOR.

New Years Day	Independence Day
Christmas Day	Thanksgiving Day

Peak periods of heavy debris will be from October 15 to February 28 for the Fall Season and April 15 to May 30 for the Spring Season. CONTRACTOR shall provide and advertise revised collection schedules if needed during these peak seasons.

6.02 Makeup days – the CONTRACTOR shall schedule a makeup day for areas with once per week service

Public notice shall be given to take the above holidays.

No collection will be made on Sunday.

6.03 Location of pick-up – City pick-up will be within five (5) feet from the curb line and items will not be behind fences so that it will be accessible to the Contractor.

6.04 Route – CONTRACTOR shall establish routes and maintain until proper notification is given of changes.

6.05 Complaints – Any and all complaints received by the OWNER or its political subdivision will be forwarded to the CONTRACTOR's representative for handling. If possible those complaints should be handles on the ate of the report or no longer than twenty-four (24) hours from the time of complaint. Those complaints directed to the CONTRACTOR shall be handled in the same manner. The CONTRACTOR shall provide a local number for complaints and a dispatcher to receive and forward to appropriate personnel for handling.

Section 7.00 Indemnity Clause

The CONTRACTOR will indemnify, save harmless, and exempt the OWNER, its officers, agents, servants and employees from and against any and all suits, actions, legal proceedings, claims, demands, damage, costs, expenses and attorney's fees incident to any work done in the performance of this Contract arising out of a willful or negligent act or omission of the CONTRACTOR, its officers, servants and employees; provided, however, that the CONTRACTOR shall not be liable for any suits, actions, legal proceedings, claims, demands, costs, expenses and attorney's fees arising out a willful or negligent act or omission of the OWNER, its officers, agents, servants and employees.

Section 8.00 CONTRACTOR's Equipment

8.01 CONTRACTOR guarantees each of its collection vehicles to be maintained in a physically sound, clean, painted manner at all times. Containers furnished to commercial or residential customers are to be maintained in the same manner. Sufficient spare vehicles and containers will be available at all times to insure efficient, prompt and orderly collection of waste provided in this Contract to the OWNER. Vehicles shall be of sound construction and operated to prevent loss of liquids or solid waste to minimize health and safety hazards.

8.02 Equipment is to be maintained in a reasonable, safe working condition; to be painted uniformly, the company name, telephone number, and the number of the vehicle painted in letters not less than five (50 inches high on each side of the vehicle; and all vehicles shall be numbered and a record kept of the vehicles to which each number is assigned. No advertising shall be permitted on vehicles unless said advertisement is of a public service nature and receives prior approval from the OWNER.

8.03 Each vehicle shall be equipped with a solid cover for residential collection. Covers of other types of vehicles may be net with mesh not greater than one and one-half (1 ½) inches or a tarpaulin, or fully enclosed metal top. Such cover shall be kept in good order and used to cover the load going to and from the disposal point, during loading operation or when parked if contents are likely to be scattered if not covered. Vehicles shall not be overloaded so as to scatter refuse; however, if refuse is scattered from CONTRACTOR's vehicles for any reason, it shall be picked up immediately. Each vehicle shall be equipped with a fork, broom, and shovel for this purpose. Additionally, such vehicles shall be equipped and operated according to State Law. Notwithstanding the foregoing provisions, CONTRACTOR shall assure that all garbage, litter or debris transported by CONTRACTOR to Central Landfill in the Millard Community of Pearl River County, Mississippi shall be hauled in vehicles properly covered by tarp or other similar cover.

Vehicles are to be washed on the inside and sanitized with a suitable disinfectant and deodorant at least once a week. Also, they shall be washed on the outside and painted or repaired as often as necessary to keep them in neat, clean and sanitary condition.

CONTRACTOR's vehicles are not to interfere with vehicular or pedestrian traffic, and vehicles are not to be left standing on a street unattended except as made necessary by loading operations.

8.04 The OWNER reserves the right to inspect the CONTRACTOR's equipment at any time it desires during normal business hours of the CONTRACTOR. The OWNER will notify the CONTRACTOR of any equipment that it determines is in unsatisfactory condition.

The CONTRACTOR is required to assure that the employees working under this contract shall be neat in appearance and be required to wear a clean uniform bearing the company's name and employee's name. This requirement will only be required for employees who have completed the normal probation period by the CONTRACTOR.

8.05 OWNER shall have the authority at any time during the term of this Contract to require CONTRACTOR to add, repair or replace equipment if in OWNER's judgment such action is necessary for the fulfillment of this Contract. If on receipt of such order/request, CONTRACTOR fails to comply within sixty (60) days, such failure shall constitute a breach of this Contract and the OWNER shall have the right to deduct from any compensation due to the CONTRACTOR under this Contract the sum of $1,000.00 in the form of liquidating damages for each day up to ten (10) days that CONTRACTOR fails to comply with such order/request.

Section 9.00 Office

The CONTRACTOR shall provide for an office area which shall be open for business each working day from 2:00 a.m. to 5:00 p.m.

9.01 Telephone Equipment – The CONTRACTOR shall provide adequate telephone service for communication by the public. A minimum of two telephone lines will be located in the general office by the CONTRACTOR. The telephone located in the office shall be manned during all normal working hours and listed in the local directory. All telephone lines will be local or toll free listings.

Section 10.00 Customer Count

A joint count of units for collection shall be done by a representative of the OWNER and CONTRACTOR prior to beginning the service and on or before each anniversary date thereafter.

Section 11.00 Insurance

The CONTRACTOR shall at all times during the Contract maintain in full force a effect employer's liability, workmen's compensation, public liability and property damage insurance, including contractual liability coverage for indemnity provided in Section 7.00. All insurance shall be by an insurer or insurers qualified to do business in the State of Mississippi and shall be in limits hereinafter set out and, where appropriate, will contain a waiver of subrogation in favor of the OWNER. Upon execution of this Contract, and at all times while it remains in force, the CONTRACTOR shall furnish the OWNER with certificate or other evidence satisfactory to the OWNER that such insurance is in force.

11.01 The CONTRACTOR shall carry the following type of insurance in at least the limits specified below:

Coverage	Limits of Liability
Workmen's Compensation	Statutory
Employer's Liability	$500,000
Bodily Injury Liability	$500,000 each occurrence
except automobile	$500,000 aggregate
Property Damage Liability	$500,000 each occurrence
except automobile	$500,000 aggregate
Automobile Bodily Injury	$500,000 each person
Liability	$500,000 each occurrence
Excess Umbrella Liability	$500,000 each occurrence

11.02 In all policies, the OWNER shall be named as an additional insured at no cost to the OWNER, to the extent of liability of the CONTRACTOR under this Contract.

11.03 Should the CONTRACTOR fail to provide or maintain any of the above listed insurance items in the amount shown, the OWNER, at the OWNER's sold discretion, may secure the same and claim such amount against any sum due to the CONTRACTOR under this Contract.

11.04 Workman's Compensation Insurance – CONTRACTOR will provide and maintain during the life of this Contract workmen's compensation insurance in accordance with the laws of the State of Mississippi and a certificate thereof shall be filed with the City Clerk, City of Picayune by the insurance carrier showing such insurance to be in full force at all times.

Section 12.00 Force Majeure

From and after the commencement date of this Contract, CONTRACTOR's performance hereunder may be suspended and its obligations hereunder excused in the event and during the period that such performance is prevented by a natural disaster or emergency situation beyond the CONTRACTOR'S reasonable control and as defined or declared by appropriate local, State, or Federal agencies. In the event of such natural disaster occurring, the collection of additional volumes of yard waste/debris generated by such natural disaster is not included in the rates set forth in this Contract. In the event the OWNER is impacted by such natural disaster, the CONTRACTOR shall be entitled to additional compensation for the collection and disposal of such waste. CONTRACTOR is expected to resume normal collection as soon as possible following the occurrence of a natural disaster.

Section 13.00 Compliance with the Law

The CONTRACTOR shall conduct operations under this Contract in compliance with all applicable laws; provided, however, the terms and conditions of this Contract shall govern the CONTRACTOR where there exists any conflicting ordinances of the OWNER on the subject.

Any waiver of any breach of covenants herein contained to be kept and performed by the CONTRACTOR shall not be deemed or considered as a continuing waiver, and shall not operate

to bar or prevent the OWNER from declaring a forfeiture for any succeeding breach either of the same condition or covenant or otherwise.

Section 14.00 Discontinued Service and Other Breach of the Contract

A. If the CONTRACTOR fails to provide the refuse services required by this agreement for a period in excess of five (5) consecutive, scheduled working days, the OWNER may take any of the following actions:

1. At its option, take possession of all of the CONTRACTOR's equipment and facilities used in performance of this Contract.

2. Employ such means as it may deem advisable and appropriate to continue work until such matter is resolved and the CONTRACTOR is again able to carry out his operations under this Contract.

3. Deduct any and all operating expenses incurred by the OWNER from any money then due or to become due the CONTRACTOR, collect the amount due, either from the CONTRACTOR or surety or both and also to assert a lien on all properties of the CONTRACTOR.

4. During such period, the liability of the OWNER of the CONTRACTOR for loss or damage to equipment and facilities so used shall be that of a bailee for hire, ordinary wear and tear being specifically exempt from such liability.

5. If CONTRACTOR is unable, for any cause, to resume performance at the end of 30 days, all liability of the OWNER to the CONTRACTOR under this agreement shall cease and the OWNER shall be free to negotiate with other CONTRACTOR's for the operation of said refuse service and/or take the actions provided below for bankruptcy, default, breach of agreement.

B. In the event the CONTRACTOR shall be adjudged bankrupt, either by voluntary or involuntary proceedings, then this Contract shall immediately terminate and in no event shall this Contract be, or be treated as, an asset of CONTRACTOR after adjudication of bankruptcy. If CONTRACTOR shall be proven insolvent, or fail in business, this Contract may be terminated at the option of the OWNER.

C. In the event of termination of the Contract for breach, default or bankruptcy as specified above, the OWNER shall have the right to forthwith take possession of all the CONTRACTOR's equipment, facilities and records used in performance of this Contract. (Trucks used by CONTRACTOR must be purchased and not leased.)

1. The OWNER shall have the right to retain possession of said equipment, facilities and records until other such items can be acquired by the OWNER for operation of the system or another CONTRACTOR is engaged to perform the service.

2. The OWNER shall have the right at its option to purchase CONTRACTOR's equipment and facilities at the depreciated fair market value thereof.

3. The OWNER shall pay CONTRACTOR the reasonable rental value of such equipment and facilities during the time such items are used by the OWNER should the OWNER elect not purchase. Liability of the OWNER to the CONTRACTOR during this period shall be that of a bailee for hire, ordinary wear and tear specifically exempt from such liability.

D. Should it become necessary for the OWNER to employ an attorney to enforce the provisions of this Contract, the CONTRACTOR shall be responsible for the payment of reasonable attorney fees provided the OWNER prevailed in its claim.

Section 15.00 Termination

Except as otherwise provided herein, if either party breaches this Agreement or defaults in the performance of any of the covenants or conditions contained herein for fifteen (15) days after the other party has given the party breaching or defaulting written notice of such breach or default, unless a longer period of time is required to cure such breach or default and the party breaching or defaulting shall have commenced to cure such breach or default within said period and pursues diligently to the completion thereof, the other party may: (a) terminate this Agreement as of any date which the said other party may select provided said date is at least thirty (30) days after the fifteen (15) days in which to cure or commence curing; (b) cure the breach or default at the expense of the breaching or defaulting party; and/or (c) have recourse to any other right or remedy to which it may be entitled by law, including, but not limited to, the right for all damage or loss suffered as a result of such termination. In the event either party waives default by the other party, such waiver shall not be construed or determined to be a continuing waiver of the same or any subsequent breach or default.

Section 16.00 Assignability of Contract

No assignment of this Contract or any right occurring under this Contract shall be made in whole or in part by the CONTRACTOR, either voluntarily or by any process of law and shall not be or come under the control of the creditors or trustee(s) of CONTRACTOR in case of bankruptcy or insolvency of CONTRACTOR, without the express prior written consent of the OWNER, which consent shall not be unreasonable withheld. Regardless of any such assignment, the original CONTRACTOR shall always be permanently bound and responsible for the performance of all obligations under this Contract.

Section 17.00 Annexed Areas or New Development

A. The CONTRACTOR shall within thirty (30) days of notification by the OWNER provide refuse service of the same frequency and quality as provided to other areas of the OWNER to new annexed areas.

B. As new homes are constructed and occupied within the corporate limits, the CONTRACTOR shall after proper notification by the OWNER provide refuse service as required by the Contract on the next scheduled day of collection following notification.

C. The CONTRACTOR shall be responsible for notifying the OWNER of all collection locations being serviced, which do not appear on the billing register. Such notification shall be required for the CONTRACTOR to receive payment for the collection services rendered to that location. Failure of the CONTRACTOR to notify the OWNER shall remove any obligation on the part of the OWNER to pay the CONTRACTOR any monies for services rendered at those locations for which proper notification has not been made.

D. The method of payment shall be based on a house count by an employee of the OWNER and a representative of the CONTRACTOR. All houses not vacant shall be counted and all businesses using curbside pickup under this Contract shall be counted. The count shall be increased whenever an annexation requires it and shall be redone at annual intervals.

Section 18.00 Law to Govern

This Agreement shall be governed by the laws of the State of Mississippi both as to interpretation and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day and date first above written, in duplicate, each of which shall, without proof or accounting for the other such original, be deemed an original Contract.

CONTRACTOR WASTE MANAGEMENT OF MISSISSIPPI, INC.

BY_____

OWNER CITY OF PICAYUNE

BY_____
Woody Spiers, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR CONDITIONAL USE FOR PROPERTY LOCATED ON HIGHWAY 43 NORTH

Motion was made by Councilmember Bates to approve the request of Dr. Tom McRaney for a conditional use for property located on the south side of Highway 43 North between Read Road and Orleans Boulevard for the use of medical oriented, related and supportive uses. After some discussion, Dr. Tom McRaney withdrew his request for conditional use and reinstated request for rezoning. No official action was taken; the request for rezoning will be considered by the Planning Commission.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to approve issuance of the following manual checks:

TO	FUND	AMOUNT
Entex	Utility	$ 24,180.00
Prior Energy	Utility	$ 132,234.38

Gulf South Pipeline	Utility	$ 8,875.45
UMC	Utility	$ 705.64

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR PARCEL 617-515-004 BLOCK 6 PARCEL 9, BLOCK 11 LOT 6, WEEMS STREET

The Grants Administrator reported that parcel 617-515-004 Block 6 Parcel 9, Block 11 Lot 6 located on Weems Street and owned by Shinall J. Conway has notbeen cleaned. Motion was made by Councilmember Bates, seconded by Councilmember Thorman, to proceed with cleaning the lot and assessing the costs to the taxes on the lot. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1115 ROSA STREET

The Grants Administrator reported that the property located at 1115 Rosa Street and owned by Hazel Johnson has not been cleaned. Motion was made by Councilmember Bates, seconded by Councilman Thorman, to proceed with cleaning the lot and assessing the costs to the taxes on the lot. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON SALE OF PROPERTY IN ROSA STREET REDEVELOPMENT AREA

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the bid of $3,310.00 from Palacie Strickland for Lot 54 in the Rosa Street Redevelopment Area and authorize the Mayor to sign the deed and other documents as necessary. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED APRIL 17, 2001

CONSIDER BID AWARD ON SALE OF PROPERTY IN ROSA STREET REDEVELOPMENT AREA

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the bid of $3,315.00 from Palacie Strickland for Lot 55 in the Rosa Street Redevelopment Area and authorize the Mayor to sign the deed and other documents as necessary. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER FOR MAYOR TO SIGN ONE YEAR EXTENSION ON COPS 98 PROGRAM

Motion was made by Councilmember Thorman, seconded by Councilmember Guy to authorize the Mayor to sign a one-year extension on COPS 98 Program. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSON TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss a contractual matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a contractual matter.

RECESSED MEETING DATED APRIL 17, 2001

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a contractual matter and took no action.

ORDER TO AUTHORIZE CITY MANAGER TO CONTRACT WITH DUNGAN ENGINEERING

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman to authorize the City Manager to contract with Dungan Engineering to engineer appropriate solution to safety and drainage problems on Cooper Road. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Woody Spiers, Mayor

Attest:

Sabrina Diamond, City Clerk

May 1, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, May 1, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Mark Thorman, and Leavern Guy, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Deputy City Clerk Brenda Ford and Police Chief Brenda Smith.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by City Attorney Gerald Cruthird, followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the minutes of April 17, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN LAT 12 REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Mayor to sign the LAT 12 Report for natural gas inventory in the Bistineau Storage Field. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PROPERTY CLEANUP PUBLIC HEARING FOR 1105 ROSA STREET

Motion was made by Councilmmeber Thorman, seconded by Councilmember Roberson, to set the date and time of June 19, 2001 at 6:00 p.m. for a public hearing on property cleanup for property located at 1105 Rosa Street. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Thoman, seconded by Councilmember Roberson, to approve the monthly claims docket for May 2001 in the total amount of $494,409.40. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

At this time Councilmembers Bates and McQueen entered the meeting.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to table the request to advertise the resources of the city received from the Festival and Show Choir at Picayune Memorial High School. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF MANUAL CHECKS

Upon request of the City Manager, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $ 52,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the minutes of the Planning Commission dated March 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the minutes of the Planning Commission dated April 19, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR PLAT APPROVAL

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to approve the plat as submitted by Theodore H. Barze, Jr. dividing three lots into two conforming lots. The property is located on Dozier Street. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

Motion was declared carried.

CONSIDER REQUEST FOR PLAT APPROVAL AND BUILDING ON PROPERTY LINE

Motion was made by Councilmember Bates, seconded by Councilmember Thorman, to approve the plat as submitted by Robert Thigpen and Elaine Thigpen dividing one lot located on Highway 11 into two conforming lots and to allow the block building located on the lot line to remain until removed at a later date. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

Motion was declared carried.

REGULAR MEETING DATED MAY 1, 2001

CONSIDER REQUEST FOR CONDITIONAL USE

Motion was made by Councilmember Thorman, seconded by Councilmember Bates, to approve the request of Ms. Laura Surla to use a portion of her property located at 2310 Jackson Landing Road as a garden nursery. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR REZONING

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to adopt the following ordinance to rezone 8 acres located on the corner of Read Road and Highway 43 North from R-1 to OP, Office Professional. The following roll call vote was taken:

ORDINANCE NO. 755

AN ORDINANCE TO ZONE THE FOLLOWING DESCRIBED PROPERTY FROM R-1, SINGLE FAMILY RESIDENTIAL, TO OP, OFFICE PROFESSIONAL DISTRICT.

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

Section 1. That the following described property shall be rezoned from R-1 Single Family Residential to OP, Office Professional District.

Commencing at the Northwest corner of the Southwest Quarter of the Northwest Quarter of Section 12, Township 6 South, Range 17 West, Pearl River County, Mississippi; thence East 480.00 feet; thence South 17.00 feet to a point on the South margin of Mississippi State Highway No. 43, a paved, public road; thence North 89 degrees 39 minutes 43 seconds East 420.00 feet; thence, leaving said margin South 00 degrees 49 minutes 19 seconds East 850.00 feet; thence South 89 degrees 39 minutes 43 seconds West 420.00 feet to a point on the East margin of Read Road, a paved, public road; thence North 00 degrees 49 minutes 19 seconds West along said margin 805.00 feet to the point of beginning. This parcel containing 8.195 acres and being a part of the Southwest Quarter of the Northeast Quarter of Section 12, Township 6 South, Range 17 West, Pearl River County, Mississippi.

Section 2. **Severability, Conflict and Effective Date.**

Should any section, clause, paragraph, provision or part of this ordinance for any reason be held invalid of unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance shall take precedence.

This ordinance shall become effective after 30 days from its passage and upon completion of the requirements specified in Section 21-31-11, Mississippi Code of 1972, as amended.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Guy, seconded by Councilmember Thorman, and voted upon as follows:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried and the ordinance adopted on this the 1st day of May, 2001.

_____
Woody Spiers, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

CONSIDER AMENDMENT TO ROSA STREET REDEVELOPMENT PLAT

Motion was made by Councilmember Guy, seconded by Councilmember Thorman to approve the amendment to the Rosa Street Redevelopment Plat as presented. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF PROCLAMATION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to adopt the following proclamation as presented by the Police Department.

PROCLAMATION

In 1962, President John F. Kennedy signed Public Law 87-726, designating May 15 as Peace Officers' Memorial Day, and the week in which May 15 falls as National Police Week. The law was amended by the Violent Crime Control and Law Enforcement Act of 1994, Public Law 103-322, signed by President Bill Clinton, directing that the flag of the United States by displayed at half-staff on all government building on May 15 each year.

WHEREAS, The Congress and President of the United States have designated May 15 as Peace Officers' Memorial Day, and the week in which May 15 falls as National Police Week; and

WHEREAS, the members of the Picayune Police Department play an essential role in safeguarding the rights and freedoms of Picayune; and

WHEREAS, it is important that all citizens know and understand the duties, responsibilities, hazards, and sacrifices of their Police Department, and that members of our Police Department recognize their duty to serve the people by safeguarding life and property, by protecting them against violence and disorder, and by protecting the innocent against deception and the weak against oppression; and

WHEREAS, the men and women of the Picayune Police Department unceasingly provide a vital public service;

NOW, THEREFORE, We the Mayor and City Council of Picayune, call upon all citizens of Picayune and upon all patriotic, civic and educational organizations to observe the week of May 13 to may 19, 2001 as Police Week with appropriate ceremonies and observances in which all of our people may join in commemorating law enforcement officers, past and present, who, by their faithful and loyal devotion to their responsibilities, have rendered a dedicated service to their communities and, in doing so,

have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

We further call upon all citizens of Picayune to observe Tuesday, May 15, as Peace Officers' Memorial Day in honor of those law enforcement officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty, and let us recognize and pay respect to the survivors of our fallen heroes.

In witness thereof, the 1st day of May, 2001, I have hereunto set my hand and caused the Seal of the City of Picayune to be affixed.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO APPLY FOR A FEMA FIREFIGHTERS ASSISTANCE GRANT

Motion was made by Councilmember McQueen, seconded by Councilmember Bates, to authorize THE Mayor to sign a Firefighters Assistance Grant application to apply for funds to construct a training facility. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to recess until May 15, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

May 15, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, May 15, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates, Mark Thorman, Leavern Guy, and Kelly McQueen, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, and Deputy City Clerk Brenda Ford.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the minutes of the Pearl River County Development Association (PRCDA) dated March 26, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Privilege License Report for April, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORTS

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to acknowledge receipt of the monthly Budget Reports for April, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED MAY 15, 2001

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Manager/City Clerk, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the issuance of the following manual checks:

TO	FUND	AMOUNT
Georgia N. Wilke	General	$ 85.00
Morgan Mitchell	General	$ 75.00
Cynthia P. Mitchell	General	$ 95.00
Mary S. McRee	General	$ 95.00
B.R. McRee	General	$ 85.00
Helen J. McCraney	General	$ 75.00
Mary Joy Jopes	General	$ 95.00
Frieda M. Brock	General	$ 85.00
Mattie Claire Mitchell	General	$ 75.00
Robert McNatt	General	$ 95.00
Nobie Woodson	General	$ 75.00
Mable Smith	General	$ 85.00
Ann Parker	General	$ 95.00
Lillian Jeane	General	$ 75.00
Lura S. Parker	General	$ 85.00
Ruth M. McCaskill	General	$ 85.00
Mildred Whitfield	General	$ 95.00
Johnnie Mae Bender	General	$ 75.00
Christine F. Doby	General	$ 95.00
Lex Doby	General	$ 85.00
Jean Overton	General	$ 75.00
Myrtle R. Frierson	General	$ 95.00
Ola Rae Muree	General	$ 85.00
Glin Hunter	General	$ 75.00
Edward Jeffries	General	$ 95.00
Mattie W. Beck	General	$ 75.00
Melba Walls	General	$ 85.00
Robert Jefferson	General	$ 95.00
Vivian Washington	General	$ 85.00
Clara Howard	General	$ 75.00
Christine Doby	General	$ 95.00
Lex Doby	General	$ 85.00
Jeane Overton	General	$ 75.00
Entex	Utility	$25,065.00
Gulf South	Utility	$ 8,899.36
Utility Management Corp.	Utility	$ 701.04

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER AN AMENDMENT TO THE LOCAL SURFACE TRANSPORTATION PROGRAM AGREEMENT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the Mayor to sign the following amendment to the Local Surface Transportation Program Agreement:

RECESSED MEETING DATED MAY 15, 2001

AMENDMENT TO
LOCAL SURFACE TRANSPORTATION PROGRAM AGREEMENT
FOR
LOCAL PUBLIC AGENCY ROAD/STREET IMPROVEMENTS

This Amendment is made a part of that Agreement which was made and entered on September 24, 1996, by and between the Mississippi Transportation Commission, by and through the Executive Director of the Mississippi Department of Transportation (the Department) and the City of Picayune, the Local Public Agency (LPA), for the purpose of establishing the agreed conditions under which the LPA may utilize Surface Transportation Program (STP) funds provided pursuant to the Intermodal Surface Transportation Efficiency Act (ISTEA) and subsequent acts.

WHEREAS, on the date aforementioned the parties hereto agreed that certain procedures would be followed for maintaining project records in the event that an audit was needed; and

WHEREAS, the United States Office of Management and Budget issued its OMB Circular A-133 which imposed additional audit responsibilities for certain subrecipients of planning and research funds; and

WHEREAS, the Department and the LPA are obligated to comply with the terms of the said OMB Circular A-133 as a condition of receiving and distributing STP funds; and

WHEREAS, in consideration of the mutual agreement of the Parties hereto to modify the original Agreement between them, the Mississippi Transportation Commission, having authorized the Executive Director to execute this Amendment on its behalf, and the LPA do by entering into this Agreement hereby mutually agree to amend the said Agreement as follows:

1. Paragraph XVIII. of the said Agreement is deleted in its entirety, and replaced with the following:

The LPA shall meet the audit requirements of OMB Circular A-133, Audit of States, Local Governments and non-Profit Organizations. An audit will be required tin accordance with t he said Circular if the LPA expends $300,000.00 or more in federal funds during the LPA's fiscal year. If an audit is required, the audit report must be submitted to the Department within thirty (30) days after the receipt of the 'CPA's audit report or nine (9) months after the end of the audit period, whichever is earlier. In any event, project records will be maintained on file by the LPA for at least three (3) years from the date of payments of the final estimate and may be audited by representatives of the Department at any time. Department costs for any such audit will be charged to the project.

2. This Amendment shall be in effect from the date of the last execution hereof.

WITNESS this my signature in execution hereof, this the 15th day of May, 2001.

MISSISSIPPI TRANSPORTATION COMMISSION
BY AND THROUGHT HE EXECUTIVE DIRECTOR
OF THE MISSISSIPPI DEPARTMENT OF
TRANSPORTATION

_____
EXECUTIVE DIRECTOR

ATTEST:

_____
Secretary
Mississippi Department of Transportation

WITNESS this my signature in execution hereof, this the_____ day of_____, 2001.

LPA of Picayune, Mississippi, Pearl River County

_____
Mayor

RECESSED MEETING DATED MAY 15, 2001

ATTEST:

_____
City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER EXECUTION OF A LANDLORD AGREEMENT RELATED TO BWAY MANUFACTURING, INC. PROPERTY LEASE

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the Mayor to sign the following Landlord Agreement related to BWAY Manufacturing, Inc. property lease:

LANDLORD AGREEMENT

TO: BANKERS TRUST COMPANY, as Agent
233 South Wacker Drive
84th Floor
Chicago, Illinois 60606
Attn: Credit Department

BYWAY Manufacturing, Inc., a Delaware corporation and f/k/a/ Standard Container Company ("**Lessee**"), is the lessee under a lease between Lessee and the undersigned, covering the premises located at 1301 Martin Luther King Boulevard, Picayune, Mississippi (the "**Premises**"), more fully described in the lease attached hereto as **Exhibit A** (the "**Lease**"). The undersigned is the sole owner of the Premises. Lessee has certain of its assets located on the Premises.

Lessee and certain of its affiliates has entered into certain financing arrangements with Bankers Trust Company "**BTCo**"), certain other financial institutions (collectively, the "**Lenders**") and BTCo, in its capacity as contractual representative for Lenders (BTCo in such capacity, the "**Agent**") and, as a condition to Lenders' loans and other financial accommodations to Lessee, Lenders require, among other things, the granting to Agent for the benefit of Agent and Lenders of liens on and security interests in all property of Lessee located on the Premises (the "**Collateral**").

To induce Agent and Lenders (together with their respective successors and assigns) to enter into such financing arrangements, and for other good and valuable consideration, the undersigned hereby agrees that:

(a) it will not assert against the assets of Lessee any statutory or possessory liens, including, without limitation, rights of levy or distraint for rent, all of which it hereby waives;

(b) none of the Collateral located on the Premises shall be deemed to be fixtures;

(c) it will notify Agent if Lessee defaults on obligations under the Lease and allow Agent fifteen (15) days from Agent's receipt of such notice in which to cure or cause Lessee to cure any such defaults;

(d) if, for any reason whatsoever, the undersigned either deems itself entitled to redeem or to take possession of the Premises during the term of the Lease or intends to sell or otherwise transfer all or any part of its interest in the Premises, the undersigned will notify Agent thirty (30) days before taking such action; and

(e) if Lessee defaults on its obligations to Lenders and, as a result, Agent undertakes to enforce its liens on and security interest in the Collateral, the undersigned will cooperate with Agent in its efforts to assemble all of the Collateral located on the Premises, will not hinder Agent's actions in enforcing its liens on and security interests in the Collateral and will permit Agent (i) to remain on the Premises for one hundred twenty (120) days after Lenders declare the default, provided Agent pays the scheduled rental payments due under the

Lease, on an unaccelerated basis, for the period of time Agent uses the Premises, or (ii) at Agent's option, to remove the Collateral from the Premises within a reasonable time, not to exceed one hundred twenty (120) days after Lender's declare the default, provided Agent pays the scheduled rental payments due under the Lease, on an unaccelerated basis, for the period of time Agent uses the Premises.

Any notice(s) required or desired to be given hereunder shall be directed to the party to be notified at the address of such party stated herein.

The agreements contained herein shall continue in force until all obligations and liabilities of Lessee and its affiliates to Agent and Lenders are paid and satisfied in full and all financing arrangements between Lenders, on the one hand, and Lessee and its affiliates, on the other hand, have been terminated.

The undersigned will notify all successor owners, transferees, purchasers and mortgagees of the existence of this agreement. This agreement may not be modified or terminated orally and shall be binding upon the successors, assigns of the undersigned, upon any successor owner or transferee of the Premises, and upon any purchasers, including any mortgagee, from the undersigned.

Executed and delivered as of the_____ day of May, 2001.

CITY OF PICAYUNE, MISSISSIPPI

By:_____
Woody Spiers, Mayor

Address:

City of Picayune, Mississippi
203 Goodyear Boulevard
Picayune, MS 39466
Att: Sabrina Diamond, City Manager

EXHIBIT A
TO
LANDLORD AGREEMENT

LEASE

Attached.

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER ACCEPTANCE OF COMMUNITY SERVICE PROJECT

Upon request from the National Honor Society, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to accept the stuffed animal community service project, working in conjunction with the police and fire departments. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FROM PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION FOR RELEASE OF FIRST AND SECOND QUARTER FUNDING

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to authorize the issuance of the first and second quarter funding to Pearl River County Development Association (PRCDA) in the amount of $1,500 and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 604 WEST STREET

A public hearing on property cleanup was held for property located at 604 west Street . The Grants Administrator reported that the cleanup had not been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to authorize the City to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON SEWER IMPROVEMENTS AND PUMP STATION REHABILITATION FOR THE AIRPORT EDA PROJECT

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to award the bid to the low bidder, Greenbriar Digging Services, in the amount of $110,714.00 for Sewer Improvements and Pump Station Rehabilitation for the Airport EDA Project. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON PHASE A – SITEWORK IMPROVEMENTS, CONTRACT #1 FOR THE AIRPORT EDA PROJECT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to award the bid to the low bidder, Walters Constructions Company, Inc., in the amount of $169,986.00 for Phase A – Sitework Improvements, Contract #1 for the Airport EDA Project. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy

and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Bates, to grant the request from Main Street to close the front part of Ruby Street from 9:00 a.m. until 2:00 p.m. on Saturday, May 19, 2001 in observance of Preservation Day. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER FOR CITY MANAGER TO CONTACT RAILROAD PERSONNEL

Motion was made by Councilmember Guy, seconded by Councilmember Bates, to authorize the City Manager to contact railroad personnel regarding the track blockage, particularly at Bruce Street, since the new spur went in at Heritage Plastics. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Bates, to block off a portion of the corner of Baylous Street and Blanks Avenue to the corner of Washington Street from 12:00 a.m. to 1:00 a.m. on May 18, 2001for the Shiloh District Association Junior Mission Prayer Retreat. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter executive session to discuss a potential litigation matter. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a potential litigation matter.

At this time Councilmember McQueen left meeting.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a potential litigation matter and took no action.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to recess until May 22, 2001 at 5:30 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember McQueen

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

May 22, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, May 22, 2001, at 5:30 p.m. with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Mark Thorman, and Leavern Guy, City Manager Sabrina Diamond and City Attorney Gerald Cruthird.

It Being Determined a quorum was present, the following proceedings were held.

CONSIDER NEGOTIATING A FIXED PRICE FOR NATURAL GAS PURCHASES FOR ONE YEAR

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to authorize the Mayor to sign the necessary documents with MGAM to obtain a fixed price for natural gas purchases for one year. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to approve the request from Katie Carr, Picayune's Junior Miss, to purchase an ad in the Mississippi Junior Miss Pageant program, in the amount of $250.00 and to issue a manual check. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Printer Error
Brenda Ford

May 22, 2001

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COUNTY OF PEARL RIVER
CITY OF PICAYUNE

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VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the request from the Picayune Chamber of Commerce to purchase an ad in the new city and county maps in the amount of $900.00 and to issue a manual check. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER ACCEPTANCE OF THE AIRPORT T-HANGAR PROJECT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to accept the Airport T-Hangar Project as substantially complete. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER EXECUTION OF T-HANGAR LEASES

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the Mayor to sign the following T-Hangar Lease with the following lessees:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

T-HANGAR LEASE AGREEMENT

This T-HANGAR LEASE AGREEMENT made and entered into this, the _____day of _____,2001, by and between the City of Picayune, hereinafter referred to as "Lessor" and_____,hereinafter referred to as the "Lesssee", WITNESSETH:

1. PREMISES

Lessor does hereby lease and let to Lessee T-Hangar No._____ located at the Picayune Municipal Airport, Picayune, Mississippi, together with reasonably necessary rights of access across Lessor's adjoining areas. Lessee has inspected the T-Hangar and accepts the T-Hangar in its present condition.

2. TERM

The term of this Agreement shall be month-to-month, with the term to begin on the 1st day of June, 2001, and continue thereafter each month until either party gives notice of terminations or default of Lessee. Either party may terminate this Agreement by giving thirty (30) days written notice to the other party of its intent to terminate this Agreement, regardless of breach or compliance of either party.

3. RENT

Lessee shall pay, as rent for the use of the described Hangar, the amount of $175.00 per month, in advance on the first day of each month, and said rent shall be payable by mail to the Picayune Municipal Airport, 203 Goodyear Boulevard, Picayune, Mississippi 39466, or by personal delivery to the Picayune Municipal Airport office at 148 Runway Road, Picayune, Mississippi. Rent may be changed from time to time by Lessor upon thirty (30) days written notice to Lessee.

4. REPAIR AND MAINTENANCE

Lessor shall be responsible for timely repairs, replacements and maintenance of the building structure, foundation, exterior walls, and roof. Lessee shall be responsible and liable for any damage to the hangar caused by Lessee's use of the hangar, including but not limited to, bent or broken interior walls, damage to floors due to fuel and oil spillage, door damage due to the Lessee's improper or negligent operation. No alterations, modifications or additions to the hangar shall be made by Lessee without the prior written permission of Lessor.

5. USE OF PREMISES

The hangar hereby leased shall be used only for the storage of aircraft owned or leased by Lessee. No maintenance of the stored aircraft shall be conducted in the Hangar except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee further agrees that no commercial aviation activities shall be conducted at the Picayune Municipal Airport without the

express written permission of the Lessor. Commercial Aviation activities include, but are not limited to aircraft rental, charter, aircraft leasing, flight instruction, aerial survey and aerial photograph, etc. The storage of fuel or other flammable materials in the Hangar is strictly prohibited. The Lessee shall not engage in any illegal activity and shall abide by all Federal, State, and FAA regulations and the City of Picayune Airport Minimum Standards and Rules and Regulations.

6. INDEMNIFICATION

Lessee shall keep, protect and save harmless, Lessor from any loss, cost, claim, judgment or expense of any sort or nature, and from any liability to any person, on account of any injury, damage or death to any person, or property arising out of any use of the leased premises by Lessee, its agents, or any other party or person acting under the direction or control of Lessee.

7. INSPECTION

The Lessor may enter the leased Hangar at reasonable times to inspect the premises.

8. SECURITY

Lessee agrees to abide by and cooperate with Lessor in the enforcement and implementation of all airport security regulations. Security of the Hangar shall be the responsibility of Lessee. Lessee agrees to provide Lessor with a key to any lock or locking device used to secure the Hangar. Lessor agrees that the key will be used only in case of emergency or for inspection of the premises.

9. UTILITIES

At its own expense, Lessee shall be responsible for the connection of electric services for the Hangar. Lessee shall pay as the same becomes due directly to the electricity provider. Failure to pay for such utilities will be considered a default under the terms of this lease. Lessee shall use light fixtures for its intended purpose only and shall not alter the existing electrical facilities. Lessee shall not operate any air conditioners, refrigerators, large heaters, or other similar appliances. Outlets, when available, may be used only for operation of droplights, small hand tools, etc. No permitted electrical appliances or other electrical devices shall be connected into the outlet when the Lessee is not present.

Lessor will provide basic water and sewer services to the hangar.

10. HAZARDOUS SUBSTANCES

Lessee shall not cause or permit any Hazardous Substances to be brought upon, kept or used in, on or about the hangar by Lessee, its agents or invitees, and Lessee, by execution of this Lease, covenants, warrants and represents to Lessor that it will keep the lease premises free from any and all unlawful contamination with hazardous substances and that it will hold Lessor harmless from any loss or damage with respect thereto and that Lessee will be solely responsible for any and all costs and expenses incurred for remediation in the event the same is required. Violation of this provision shall mean immediate termination of this Lease, which said termination shall not relieve the Lessee from its liability hereunder.

11. SUBLEASE/ASSIGNMENT

Lessee shall not have the right to sublet the T-Hangar leased under this agreement, nor shall the Lessee have the right to assign this Lease without the express written consent of the Lessor. Storage of aircraft not belonging to or leased by the Lessee shall be construed as a sublease, and unless approved by the Lessor, shall be grounds for termination of this Lease.

12. DEFAULT

#1	Picayune Airport
#1A	Picayune Airport
#2	L.J. Riso
#3	Gerald Kirby
#4	Al Esteeves
#5	Michael Smith
#6	J.C. Stockstill
#7	Wayne Wilson (Cloud Nine)
#8	Raymond L. Moreau
#9	Michael Lisenbea
#10	John Randall
#11	Carol Paffen
#12	Andrew Compliment
#13	Daniel Toups

RECESSED MEETING DATED MAY 22, 2001

#14 Bryan T. Maynard
#15 Derwin Whitfield
#16 Danny Besencon

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

AUTHORIZE MAYOR TO SIGN EDA GRANT

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to authorize the Mayor to sign the Efollowing grant agreement with the Economic Development Association in the amount of ~~$2,189.00~~ for Public Works/Infrastructure improvements at the Picayune Municipal Airport: $2,189,000 sd

Form CD-450 X GRANT
COOPEATIVE
AGREEMENT

U.S. DEPARTMENT OF COMMERCE

ACCOUNTING CODE

FINANCIAL ASSISTANCE AWARD

RECIPIENT NAME
city of Picayune

AWARD NUMBER
04-01-04862

STREET ADDRESS
203 Goodyear Boulevard

FEDERAL SHARE OF COST
$ 1,684,000

CITY, STATE, ZIP CODE
Picayune, Mississippi 39466

RECIPIENT SHARE OF COST
$ 505,000

AWARD PERIOD
From date of award approval to 19 months after award approval

TOTAL ESTIMATED COST
$ 2,189,000

AUTHORITY
42 U.S.C. 3121 et. seq.

CFDA NO. AND PROJECT TITLE
11.300 Public Works/Infrastructure improvements to serve an aircraft maintenance facility for Chevron Aircraft operations locating at the Picayune Municipal Airport consisting of site work, water, sewer, gas, storm water drainage, airport apron, aircraft wash facility, electric service and lighting.

This Award approved by the Grants Office is issued in triplicate and constitutes an obligation of Federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions checked below. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Grants Officer and the third document shall be retained by the Recipient. If not signed and returned without modification by the Recipient within 30 days of receipt, the Grants Officer may unilaterally terminate this Award.

Department of Commerce Financial Assistance Standard Terms and Conditions

X Special Award Conditions

X Line Item Budget

15 CRF Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit, and Commercial Organizations

RECESSED MEETING DATED MAY 22, 2001

X 15 CRF Part 24, Uniform Administrative Requirements for Grants and Agreements to State and Local Governments

OMB Circular A-21, Cost Principles for Educational Institutions

X OMB Circular A-87, Cost Principles for State, Local, and Indian Trial Governments

OMB Circular A-122, Cost Principles for Nonprofit Organizations

48 CFR Part 31, Contract Cost Principles and Procedures

X OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

X Other(s) EDA Standard Terms and Conditions – Construction Program, dated March 19999

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER	TITLE	DATE
/s/ William J. Day, Jr.	Director, Atlanta Region	5/31/01
TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL	**TITLE**	**DATE**
Woody Spiers /s/ Woody Spiers	Mayor of Picayune	5/22/01

(Rev. 10.98)

Form ED-508
(Rev. 3/89)

ATTACHMENT NO. 1

U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION

PUBLIC WORKS PROJECT COST CLASSIFICATIONS

EDA AWARD NO. 04-01-04862 State: Mississippi County: Pearl River

Cost Classification	Proposed	Approved
Administrative and legal expenses	$ 25,000	$
Land, structures, and rights-of-way appraisals, etc.	24,000	
Relocation expenses and payments (Cost incidental to transfer of titles)	264,000	
Architectural and engineering fees		
Other architectural and engineering fees		
Project inspection fees and audit		
Demolition and removal		
Site Work	784,000	784,000
Construction	1,178,000	1,178,000
Equipment		
Contingencies	227,000	227,000
TOTAL PROJECT COSTS	$2,502,000	$2,189,000

RECESSED MEETING DATED MAY 22, 2001

Remarks: Funding for line items Administrative and Legal Expenses; Land Structures, ROW, etc., and Architectural and Engineering was removed for administrative convenience.

EXHIBIT "A"

U. S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION

PUBLIC WORKS AND DEVELOPMENT FACILITIES

Award No.: 04-01-04862

Recipient: City of Picayune, Mississippi

SPECIAL AWARD CONDITIONS

1. PROJECT DEVELOPMENT TIME SCHEDULE: The Recipient agrees to the following Project development time schedule:

Time allowed after Receipt of Financial Assistance Award for:

Return of Executed Financial Assistance Award.....39 days
Start of Construction .....6 Months from date of Award of Grant
Construction Period..... 11 months

Project Closeout – All Project closeout documents including final financial information and any required program reports shall be submitted to the Government not more than 90 days after the date the Recipient accepts the completed project from the contractor (s).

The Recipient shall pursue diligently the development of the Project so as to ensure completion within this time schedule. Moreover, the Recipient shall notify the Government in writing of any event which could delay substantially the achievement of the Project within the prescribed time limits. The Recipient further acknowledges that failure to meet the development time schedule may result in the Government's taking action to terminate the Award in accordance with the regulations set forth at 15 CFR 24.43 (53 Fed. Reg. 8048-9, 8102, March 11, 1988).

2. GOALS FOR WOMEN AND MINORITIES IN CONSTRUCTION: Department of Labor regulations set forth in 41 CFR 60-4 establish goals and timetables for participation of minorities and women in the construction industry. These regulations apply to all Federally assisted construction contracts in excess of $10,000. The Recipient shall comply with these regulations and shall obtain compliance with 41 CFR 60-4 from contractors and subconstractors employed in the completion of the Project by including such notices, clauses and provisions in the Solicitations for Offers or Bids as required by 41 CFR 60-4. The goal for the participation of women in each trade area shall be as follows:

From April 1, 1981, until further notice: 6.9 percent

All changes to this goal, as published in the Federal Register in accordance with the Office of Federal Contract Compliance Programs regulations at 41 CCFR 60-4.6, or any successor regulations, shall hereafter be incorporated by reference into these Special Award Conditions.

Goals for minority participation shall be as prescribed by Appendix B-80, Federal Register, Volume 45, No. 194, October 3, 1980, or subsequent publications. The Recipient shall include the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" (or cause them to be included, if appropriate) in all Federally assisted contracts and subcontracts. The goals and timetables for minority and female participation may not be less than those published pursuant to 41 CFR 60-4.6.

3. AUDIT REQUIREMENTS: Applicable audit requirements are contained in OMB Circular A-133. Any references to audit requirements contained in 15 CFR Part 29a and 15 CFR 29b in the terms and conditions governing this project are replaced by OMB Circular A-133.

4. PERFORMANCE MEASURES: The grantee agrees to report on core program performance measures and project outcomes in such form and at such intervals

as may be prescribed by EDA in compliance with the Government Performance and Results Act of 1993. The performance measures that presently apply to this project are identified in the exhibit entitled EDA Core Performance Measures. EDA will advise the grantee in writing within a reasonable period prior to the time of submission, in the event that there are any modifications in the performance measures.

5. REPORT ON UNLIQUIDATED OBLIGATIONS: All Recipients of an EDA grant award of more than $100,000 whose grant has not been fully disbursed as of the end of each reporting period are required to submit a financial report to EDA annually on the status of unreimbursed obligations. The report will provide information on the amount of allowable project expenses that have been incurred by the Recipient but not claimed for reimbursement as of the end of the reporting period. The report will be as of September 30 of each year and must be submitted annually until the final grant payment is made by EDA. The report shall be submitted to EDA no later than October 30 of each year. Noncompliance with this requirement will result in the suspension of EDA grant disbursements. Standard Form 269A, Financial Status Report, will be used for this purpose. Instructions for completing and filing the report will be furnished to the Recipient at least 60 days before the report is due.

6. FEDERAL SHARE OF PROJECT COSTS: The EDA participation in total eligible project costs will be limited to the EDA grant amount or the EDA share of total allowable projects costs based on the area's grant rate eligibility at the time of award, whichever is less.

7. ENGINEERING CERTIFICATE/CERTIFICATE OF TITLE: The Recipient, prior to Solicitation of bids for construction of this Project, shall furnish to the Government an acceptable Engineering Certificate showing all lands, rights-of-way and easements necessary for construction of this Project along with an acceptable Certificate of Title on said lands, rights-of-way and easements showing good and merchantable title free of mortgages or other foreclosable liens.

8. CONSTRUCTION START: If significant construction (as determined by EDA) is not commenced within two years of approval of the project or by the date estimated for start of construction in the grant award (or the expiration of any extension granted in writing by EDA), whichever is later, the EDA grant will be automatically suspended and may be terminated if EDA determines, after consultation with the grant recipient, that construction to completion cannot reasonably be expected to proceed promptly and expeditiously.

9. COSTS INCURRED PRIOR TO APPROVAL: Prior to the initial disbursement of grant funds, the Recipient shall provide acceptable documentation for all costs incurred prior to approval and award of the grant as required for the Government to determine the eligibility, reasonableness, allowability and allocability of such costs. Such documentation shall be consistent with the requirements of the cost principles contained in the applicable OMB Circular (i.e., A-87, A-122, or A-21). No part of the Federal share of such preawrad costs may be committed by the Recipient until after the grant has been awards.

10. ENVIRONMENTAL Prior to invitation for bids, the Recipient shall furnish evidence satisfactory to the Government that restrictive covenants have been executed by the Recipient or the governing utilities board which permanently restrict tap-ons of water and/or sewer service from these EDA funded facilities to any new development within any Jurisdictional Freshwater Wetland(s), Federal Emergency Management (FFEMA) designated 100 year floodplain, prime farmland or endangered or threatened species habitat.

11. ENFIRNMENTAL: Prior to advertisement for bids, the Recipient shall furnish evidence satisfactory to the Government that the final plans and specifications have been reviewed and approved by the State Historic preservations Officer (SHPO). The Recipient further agrees to be in complete compliance with Section 106 of the National Historic Preservation Act.

ECONOMIC DEVELOPMENT ADMINISTRATION
CORE PERFORMANCE MEASURES

Section 201 Public works and Development Facilities
and
Section 209 Construction Grants

Outcomes reported at project completion:

1. Construction schedule met:

a. construction start date
b. construction finish date

2. Local & State matching dollars for the EDA project.

Outcomes reported at the completion and at three and six years after project completion.

3. Permanent jobs created or retained.
4. Private sector dollars leveraged.
5. Additional dollars leveraged (local, state and other federal).
6. Increase in local tax base (actual or by multiplier).
7. Local capacity improved: Grantee self-evaluation (1 to 10, with 10 = best):
   a. Created infrastructure to support economic development
   b. Created infrastructure to stimulate private investment
   c. Stabilized and maintained the local economic base
   d. Diversified the local economy
   e. Other benefits not easily quantified (specify)

March, 1999 Exhibit "B"

U.S. DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ADMINISTRATION
STANDARD TERMS AND CONDITIONS

Title II
Public Works and Development Facilities
and
Economic Adjustment Construction Components

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ECONOMIC DEVELOPMENT ADMINISTRATION STANDARD TERMS AND CONDITIONS

Title II Public Works and Development Facilities and Title II Economic Adjustment Construction Components

For the purpose of these Standard Terms and Conditions, unless the context otherwise requires, (a) the term "Government" refers to the Economic Development Administration (EDA); (b) the term "Recipient" refers to the recipient of Government funds under the Agreement to which this attachment is made a part; (c) the term "Department" and "DoC" refer to the Department of Commerce; and (d) the term "regional office" refers to the appropriate Regional Office of the Economic Development Administration, i.e., the office administering the award. The Public Works and Economic Development Act of 1965, and its amendments (42 U.S.C. 3121, et seq.), including the comprehensive amendment of the Economic Development Reform Act of 1998 (P.L. 105-393) are hereinafter referred to as PWEDA.

A. Statutory and Executive Order Requirements

Some of the terms and conditions herein contain, by reference or substance, a summary of the pertinent statues, or regulations published in the Federal Register or Code of Federal Regulations (CFR), Executive Order (EO) or OMB Circulars (Circular). To the extent that it is a summary , such term or condition is not in derogation of, or an amendment to, any such statute, regulation, EO or Circular. All statues, regulations, Eos or Circulars whether or not referenced herein are to be applied as amended on the date they are adminstered.

1. The recipient and any subrecipients must, in addition to the Assurances made as a part of the application, comply and require each of its contractors and subcontractors employed in the completion of the project to comply, with all applicable Federal, state, territorial, and local laws, and in particular the following Federal Public Laws, the regulations issued thereunder, and Executive Orders and Office Management and Budget (OMB) Circulars:

    a. The Public Works and Economic Development Act of 1995, P.L. 89-136, as amended (42 U.S.C. 3121, et seq.), including the comprehensive amendment of the Economic Development Reform Act of 1998 (P.L. 105-393), and regulations in 13 CFR, Chapter III;

    b. The Davis-Bacon Act as amended (40 U.S.C. 276a to 276a(5); 42 U.S.C. 3212);

c. The Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327-333);
d. The Copeland "Anti-Kickback" Act, as amended (40 U.S.C. 276 (c); (18 U.S.C. 874);
e. The Clean Air Act, as amended (42 U.S.C. 7401, et seq.);
f. The Clean Water Act (The Federal Water Pollution Control Act, as amended) (33 U.S.C. 1251, et seq.);
g. The Endangered Species Act of 1973, as amended (16 U.S.C. 1531, et seq.);
h. The Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451, et seq.);
i. The Safe Drinking Water Act of 1974, as amended (42 U.S.C. 300f-j26);
j. The Energy Conservation and Production Act (applicable to construction of new residential and commercial structures) (42 U.S.C. 6801, et seq.);
k. The Wild and Scenic Rivers Act, as amended, P.L. 90-542, (16 U.S.C. 1271, et seq.);
l. The Historical and Archeological Data Preservation Act, as amended (16 U.S.C. 469a-1, et seq.);
m. Executive Order 11990, Protection of Wetlands, May 24, 1977;
n. P.L. 90-480, as amended (42 U.S.C. 4151, et seq.), and the regulations issued thereunder, prescribing standards for the design and construction of any building or facility intended to be accessible to the public or that may result in the employment of handicapped persons therein;
o. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, P.L. 91-646, as amended (42 U.S.C. 4601, et seq.); and 15 CFR Part 11;
p. The Flood Disaster Protection Act of 1973, P.L. 93-234, as amended (42 U.S.C. 4002, et seq.), and regulations and guidelines issued thereunder by the Federal Emergency Management Administration (FEMA) or the Economic Development Administration;
q. Executive Order 11988, Floodplain Management, May 24, 1977, and regulations and guidelines issued thereunder by the Economic Development Administration;
r. The National Environmental Policy Act of 1969, P.L. 91-190, as amended, and 42 U.S.C. Sec 4321 et seq.;
s. The Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.), P.L. 91-695, as amended;
t. The Resource Conservation and Recovery Act of 1976, as amended, P.L. 94-580, (42 U.S.C. 6901);
u. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.) and the Superfund Amendments and Reauthorization Act of 1986, P.L. 99-499, as amended;
v. The Drug-Free Workplace Act of 1988, P.L. 100-690, Title V, Subtitle D, and 15 CFR Part 26 (55 F.R. 21678, May 25, 1990) for projects approved on or after March 18, 1989;
w. Restrictions on Lobbying, sectin 319 of P.L. 101-121, 15 CFR Part 28, (55 F.R. 6736-6748, 2/26/90);
x. Executive Order 12549, Debarment and Suspension, and 15 CFR Part 26, Governmentwide Debarment and Suspension (Nonprocurement);
y. American Indian Religious Freedom Act, P.L. 96-341 (42 U.S.C. Sec 1996);
z. Environmental Quality Improvement Act of 1970, P.L. 91-244, as amended (42 U.S.C. Sec 4371-4374);
aa. Executive Order 12088, Federal Compliance with Pollution Control Standards;
bb. Executive Order 11514, Protection and Enhancement of Environmental Quality, as amended;
cc. Executive Order 11593, Protection and Enhancement of the Cultural Environment;
dd. Farmland Protection Policy Act, P.L. 97-98, as amended (7 U.S.C. 4201 et seq.);
ee. Fish and Wildlife Coordination Act, P.L. 92-522, as amended (16 U.S.C. Sec 661 et seq.);
ff. National Historic Preservation Act of 1966, P.L. 89-665, as amended and the Advisory Council on Historic Preservation Guidelines (16 U.S.C. Sec 470 et seq.);
gg. Noise Control Act, P.L. 92-574, as amended (42 U.S.C. Sec 4901 et seq.);

hh. Environmental Justice in Minority Populations and Low Income Populations, Executive Order 12898 (February 11, 1994).

2. The Recipient agrees that, for the expected useful life of the facility assisted with this award, the project will be properly and efficiently administered, operated and maintained, as required by Section 504 of P.L. 105-393 (42 U.S.C. 3194), for the purpose authorized by this award and in accordance with the terms, conditions, requirements and provisions of the award. If the Government determines, at any time during the useful life of the facility, that the project is not being properly and efficiently administered, operated and maintained, the Government may terminate the award for cause and require the Recipient to repay the award.

3. This award is subject to P.L. 101-510, enacted November 5, 1990, section 1405, amending subchapter IV of Chapter 15, title 31, United States Code, which prescribes the rules for determining the availability of appropriations. Accordingly, the grant funds obligated for this project will expire in five years from the end of the fiscal year of the grant award.

4. Pursuant to EO 12889, the DoC is required to notify the owner of any valid patent covering technology whenever the DoC or its financial assistance Recipients, without making a patent search, knows (of has demonstrable reasonable ground to know) that technology covered by a valid United States patent has been or will be used without a license from the owner. To ensure proper notification, if the Recipient uses or has used patented technology under this Award without a license or permission from the owner, the Recipient must notify the DoC Patent Counsel at the following address, with a copy to EDA:

   Department of Commerce
   Office of Chief Counsel for Technology
   Patent Counsel
   14th Street and Constitution Avenue, NW, Room H-4613
   Washington, D.C. 20230

   The notification should include the award number, the name of the DoC awarding agency, a copy of the patent, a description of how the patented technology was used, and the name of the Recipient contact, including an address and telephone number.

5. For use for new building construction projects:

   The Recipient is aware of and intends to comply with one of the three model codes outlined by the Committee on Seismic Safety in Construction (ICSSC):

   1991 ICBO Uniform Building Code
   1992 Supplement to the BOCA National Building Code
   1991 Amendments to the SBCC Standard Building Code

6. Recipients are hereby notified that they are encouraged, to the greatest extent practicable, to purchase American-made equipment and products with funding provided under this Award.

7. The Recipient must furnish evidence satisfactory in form or substance to the Government that title to real property (other than property of the United States and those limited cases as provide din 13 CRF 314.7(c), is vested in the Recipient and that such easements, rights-of-way, state permits, or long-term leases, as are required for the project have been or will be obtained within a acceptable time as determined by the Government. All liens, mortgages, other encumbrances, reservations, reversionary interests, or other restrictions on title or the Recipient's interest in the property must be disclosed to EDA. No such encumbrances or restrictions will be acceptable if, as determined by the Government, the encumbrance or restriction will interfere with the construction, use, operation or maintenance of the project during its estimated useful life or except when a waiver has been granted by the Assistant Secretary or his/her designee.

B. FINANCIAL REQUIREMENTS

1. Financial Reports

a. The Recipient must submit an "F-271, Outlay Report and Request for Reimbursement" (ED-113) no more frequently than quarterly to report outlays. A final SF-271 is to be submitted within 90 days after the expiration date of the award.

b. The Recipient must submit a "Federal Cash Transactions Report" (SF-272) for each award where funds are advanced to Recipients. The SF-272 is due 15 working days following the end of each calendar quarter for awards under $1 million; or 15 working days following the end of each month for awards over $1 million; or unless otherwise specified in a special award condition.

c. All Recipients of an EDA grant award of more than $100,000 whose grant has not been fully disbursed as of the end of each reporting period are required to submit a financial report to EDA annually on the status of unreimbursed obligations. The report will provide information on the amount of allowable project expenses that have been incurred by the Recipient but not claimed for reimbursement as of the end of the reporting period. The report will be as of September 30 of each year and must be submitted annually until the final grant payment is made by EDA. The report will be submitted to EDA no later than October 30 of each year. Noncompliance with this requirement will result in the suspension of EDA grant disbursements. Standard Form 269A, Financial Status Report, will be used for this purpose. Instructions for completing and filing the report will be furnished to the Recipient at least 60 days before the report is due.

d. All financial reports are to be submitted to the regional office.

2. **Award Payments**

a. Unless otherwise specified in a special award condition, the method of payment for the award will be through advance or reimbursement.

b. The Recipient must submit an "Outlay Report and Request for Reimbursement, SF-271" (ED-113) no more frequently than monthly to request payment. The SF-271 is to be submitted to the regional office.

c. Payments will be made via electronic transfer which transfers funds directly to a Recipient's bank account. The Recipient must complete a payment information form and return it to the regional office. The award number must be included on the payment information form.

d. Advances will be limited to the minimum amounts necessary to meet immediate disbursement needs. Advanced funds not disbursed in a timely manner will be promptly returned to EDA. Advances will be approved for periods not to exceed 30 days. The regional office determines the appropriate method of payment. If a Recipient demonstrates an unwillingness or inability to establish procedures which will minimize the time elapsing between the transfer of funds and disbursement or if the Recipient otherwise fails to continue to qualify for the advance method payment, the regional office may change the method of payment to reimbursement only.

3. **Federal and Non-Federal Sharing**

a. The EDA participation in total eligible project costs will be limited to the EDA grant amount or the EDA share of total allowable project costs based on the area's grant rate eligibility at the time of award, whichever is less.

b. The non-Federal share, whether case or in-kind, is expected to be paid out at the same general rate as the Federal share and must be committed at the time of Award. and available over the life of the Award. Cash or in-kind contributions , fairly evaluated by EDA, including contributions of space, equipment, and services, may provide the non-Federal share of the project cost. In-kind contributions must be eligible project costs and meet applicable Federal cost principles and uniform administrative requirements. Exceptions to this requirement may be granted by EDA based on sufficient documentation demonstrating previously determined plans for or later commitment of cash or in-kind contributions.

4. **Budget Changes and Transfer of Funds Among Categories**

a. Requests for budget changes to the approved estimated budget in accordance with the provision noted below must be submitted to the regional office for review and recommendation. EDA will make the final determination on such requests and notify the Recipient in writing.

b. Transfer of funds by the Recipient among direct cost categories are permitted with the written approval of EDA. Transfers will not be permitted if such transfers would cause the Federal grant, or part thereof, to be used for purposes other than those intended.

c. The addition of a new line item to the approved budget must be approved in writing by EDA. Such an addition presents a rebuttable presumption of change of scope.

d. The Recipient is not authorized at any time to transfer amounts budgeted for direct costs to the indirect costs line item and vice versa, except with the written prior approval of EDA.

5. **Indirect Costs**

a. Indirect costs will be allowable charges against the award unless specifically included as a line item in the approved budget incorporated into the award.

b. Excess indirect costs may not be used to offset unallowable direct costs.

c. If the Recipient has not previously established an indirect cost rate with a Federal agency, the negotiation and approval of a rate is subject to the procedures in the applicable cost principles and the following subparagraphs:

(1) The Office of Inspector General (OIG) is authorized to negotiate indirect cost rates on behalf of EDA for those organizations for which DoC is the cognizant agency. The OIG will negotiate only fixed rates. The Recipient must submit to the OIG within 90 days of the award start date, documentation (indirect cost proposal, cost allocation plan, etc.) necessary to establish such rates. The Recipient must provide the EDA regional office with a copy of the transmittal letter to the OIG.

(2) When an oversight or cognizant Federal agency other than DoC has responsibility for establishing an indirect cost rate, the Recipient must submit to that oversight or cognizant Grants Officer within 90 days of the award start date the documentation (indirect cost proposal, cost allocation plan, etc.) necessary to establish such rates. The Recipient must provide both the regional office and the DoC OIG with a copy of the transmittal letter to the cognizant Grants Officer.

(3) If the Recipient fails to submit the required documentation to the OIG or other oversight or cognizant Grants Officer within 90 days of the award start date, the EDA regional office will amend the award to preclude the recovery of any indirect costs under the award. If the DoC OIG or EDA determines there is a finding of good and sufficient cause to excuse the Recipient's delay in submitting the documentation, an extension of the 90-day due date may be approve by EDA.

(4) Regardless of any approved indirect cost rate applicable to the award at the time of award, the maximum dollar amount of allocable indirect costs for which EDA will reimburse the Recipient shall be the lesser of:

(a) The line item amount for the Federal share of indirect costs contained in the approved budget of the award; or

(b) The Federal share of the total allocable indirect costs of the award based on the negotiated rate with the cognizant Grant

Officer as established by audit or negotiation.

6. **Incurring Costs or Obligating Federal Funds Beyond the Expiration Date**

a. The Recipient must not incur costs or obligate funds for any purpose pertaining to the operation of the project, program or activities beyond the expiration date stipulated in the award. The only costs which are authorized for a period of up to 90 days following the award expiration date are those strictly associated with closeout activities. Closeout activities are limited to the preparation of final reports.

b. Any extension of the award period can only be authorized by the EDA Assistant Secretary or his/her designee. Verbal or written assurances of funding from other than EDA's Assistant Secretary or his/her designee does not constitute authority to obligate funds for programmatic activities beyond the expiration date.

c. EDA has no obligation to provide any additional funding.

7. **Tax Refunds**

Refunds of FICA/FUTA taxes received by the Recipient during or after the award period must be refunded or credited to EDA where the benefits were financed with Federal funds under the award. The Recipient agrees to contact the regional office immediately upon receipt of these refunds. The Recipient further agrees to refund portions of FICA/FUTA taxes determined to belong to the Federal Government, including refunds received after the expiration of the award.

8. **Incurring Costs Prior to Award**

Recipients that incurred any project costs prior to a grant award being made by EDA did so at the risk of not being reimbursed; however, EDA may, at its sole discretion, pay for the project costs incurred prior to grant award. Such costs must be included in the approved project budget and be allowable costs under Federal cost principles and the grant award.

C. **PROGRAMMATIC REQUIREMENTS**

1. **Reporting Requirements**

a. Financial and performance (technical) reports must be submitted in accordance with the procedures in 15 CFR Part 24 or 15 CFR Part 14, as applicable, and the schedule indicated below. Failure to submit required reports in a timely manner may result in the withholding of payments under this award or deferring the processing of new awards, amendments, or supplemental funding pending the receipt of the overdue report(s), and/or establishing an accounts receivable for the difference between the total Federal share of outlays last reported and the amount disbursed.

b. Project performance reports are to be submitted for each calendar quarter. The project performance report will be due not later than January 15, April 15, July 15, and October 15 for the immediate previous quarter. The report submission dates are to be no more than 30 days after the due date, with a due date of 90 days after expiration of the award. This reporting requirement begins with the Recipient's acceptance of the award and ends when the final report disbursement is approved. The project performance report should be submitted to the regional office.

c. Recipients of awards which involve both Federal financial assistance valued at $500,000 or more and procurement of supplies, equipment, construction, or services are required to submit the SF-334, "Minority Business Enterprise/Women Business Enterprise Utilization Under Federal Grants, Cooperative Agreements, and Other Federal Financial Assistance." Reports are to be submitted on a quarterly basis for the period ending March 31, June 30, September 30 and December 31. Reports are due no later than thirty (30) days following the end of the reporting period during which any

procurement in excess of $10,000 is executed under this award. The report should be submitted in duplicate to the regional office. Any questions concerning this report should be direct to the regional office.

d. Performance Measures: The Recipient agrees to report on program performance and project outcomes in such form and at such intervals as may be prescribed by EDA in compliance with the Government Performance and Results Act of 1993 and P.L. 105-393. The performances measures that apply to this project are included with and made a part of the grant award package. EDA will advise the Recipient in writing, within a reasonable period prior to time of submission, in the event there are any modifications in the performance measures.

2. **Unsatisfactory Performance**

a. Recipient will comply with the administrative, procedural and policy requirements contained in applicable EDA regulations in effect at time of their application.

b. The Government reserves the right to suspend the award and withhold further payments, or prohibit the Recipient from incurring additional obligations, pending corrective action by the Recipient or a decision by the Government to terminate the award unless the project is completed to the satisfaction of the Government.

c. The Government has the right to terminate for cause all or any part of its obligation hereunder if:

(1) Any representation made by the Recipient to the Government in connection with the application for Government assistance is incorrect or incomplete in any material respect.

(2) The intent and purpose and/or the economic feasibility of the project is changed substantially so as to affect significantly the accomplishment of the project as intended.

(3) The Recipient has violated commitments it made in its application and supporting documents or has violated any of the terms and conditions of this award.

(4) Any official, employee or agent, member of immediate family, partner, or an organization which employs or is about to employ any of the above of the Recipient becomes directly interested financially in the acquisition of any materials or equipment, or in any construction for the project, or in the furnishing of any service to or in connection with the project, or any benefit arising therefrom.

(5) The Recipient fails to report immediately to the Government any change of authorized representative(s) acting in lieu of or on behalf of the Recipient.

d. The obligations hereunder may be terminated for convenience if:

(1) Both the Recipient and the Government agree that continuation of the project would not produce beneficial results commensurate with the further expenditure of funds.

(2) Both the Recipient and the Government agree upon the termination conditions, including the effective date, and in the case of partial termination, the portion to be terminated.

(3) The Recipient agrees to incur no new obligations for the terminated portion after the effective date and to cancel or satisfy all outstanding obligations as of that date.

e. The Recipient has the sole authority and full responsibility, without recourse to the Federal Government or any of its agencies, for the settlement and satisfaction of all contractual and administrative issues arising out of this award.

f. The Recipient hereby agrees that the Government may, at its option, withhold disbursement of any award funds if the Government learns or has knowledge, that the Recipient has failed to comply in any manner with any provision of the award. The Government will withhold funds until the violation or violations have been corrected to the Government's satisfaction. The Recipient further agrees to reimburse the Government for any ineligible costs which were paid from award funds, or if the Recipient fails to reimburse the Government, the Government shall have the right to offset the amount of such ineligible costs from any undisbursed award funds held by the Government. The Recipient agrees to repay the Government for all ineligible costs incurred in connection with the project and paid from the award including, but not limited to, those costs determined to be ineligible if the Government learns of any award violations after all award funds have been disbursed.

g. The Recipient hereby agrees, in the event a beneficiary of the EDA assisted project fails to comply in any manner with certifications, assurances, or agreements that such beneficiary has entered into in accordance with EDA requirements, that the Recipient will reimburse the Government the award amount or an amount to be determined by the Government pursuant to 13 CFR Part 314.

Where the Government determines that the failure of the beneficiary to comply with EDA requirements affects the portion of the property benefitted by the award, the Recipient will reimburse the Government proportionately.

h. If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, the Grants Officer may, in addition to imposing any of the special conditions outlined in 15 CFR 14.14, take one or more of the following actions, as appropriate in the circumstances:

(1) Temporarily withhold payments of funds pending correction of the deficiency by the recipient or more severe enforcement action by the Grants Officer after coordination with the DoC operating unit.

(2) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the current award.

(4) Withhold further awards for the project or program.

(5) Take other remedies that may be legally available.

3. Programmatic Changes

a. The Recipient must not make any programmatic changes to the award without prior written approval by EDA.

b. Any requests by the Recipient for programmatic changes must be submitted to EDA for review and approval. The Assistant Secretary or his/her designee will make the final determination and notify the Recipient in writing.

4. Other Federal Awards with Similar Programmatic Activities

The Recipient must immediately provide written notification to EDA in the event that, subsequent to receipt of the EDA award, other Federal financial assistance is received relative tot he scope of work of the EDA award.

5. Program Income

a. For projects that create long-term rental revenue, i.e., buildings or real property constructed or improved for the purpose of renting or leasing space (e.g., building sites), the Recipient agrees to use such income generated from the rental or lease of the project facility(ies), in the following order of priority:

(1) Administration, operation, maintenance and repair of the project facilities for their useful life (as determined by EDA) in a manner consistent with good property management practice and in accord

with the established building codes. This includes, where applicable, repayment of indebtedness resulting from any legal encumbrance (e.g., approved mortgage) on the EDA assisted facility.

(2) Economic development activities that are authorized for support by EDA provided such activities are within the EDA eligible area.

b. Prior to the final disbursement of grant funds, the Recipient will develop and furnish to EDA for approval, an income reutilization plan that demonstrates that the funds generated from the EDA project will be expended for the purposes established above. Any changes made to the plan during the useful life of the project must also be submitted to EDA for its review and approval.

6. Use of Third Parties to Solicit or Secure This EDA Award

Unless otherwise specified in the Special Conditions to the EDA grant award, the Recipient warrants that no person or selling agency has been employed or retained to solicit or secure this award upon an agreement or understanding for a commission percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by the Recipient for the purpose of securing business. For breach or violation of the warrant, the Government has the right to annul this award without liability, or at its discretion, to deduct from the award sum or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

7. Consultant and Attorney's Fees

The Recipient hereby agrees that no funds made available from this Award will be used, directly or indirectly, for paying attorneys' or consultants' fees in connection with securing awards made by the Government, such as, for example, preparing the application for this assistance. However, attorneys' and consultants' fees incurred for meeting Award requirements, such as, for example, conducting a title search or preparing plans and specifications, may be eligible project costs and may be paid out of the funds made available from this Award, provided such costs are otherwise eligible.

8. Member of Congress/Resident Federal Commissioner Restriction

No member of or delegate to Congress or resident Federal Commissioner will be admitted to any share or part of this award or to any benefit that may arise therefrom; but this provision will not be construed to extend to this award if made to a corporation, education, or nonprofit institution for its general benefit.

9. Hold Harmless Requirement

To the extent permitted by law, the Recipient agrees to indemnify and hold the Government harmless from and against all liabilities that the Government may incur as a result of providing an award to assist, directly or indirectly, preparation of the project site or construction, renovation, or repair of any facility on the project site, to the extent that such liabilities are incurred because of toxic or hazardous contamination or groundwater, surface water, soil, or other conditions caused by operations of the Recipient or any of its predecessors (other than the Government or its agents) on the property.

10. Alienation Restriction

Notwithstanding any other provision of the award, the Recipient will not transfer, pledge, mortgage, or otherwise assign the award, or any interest therein, or any claim arising thereunder, to any party or parties, bank trust companies, or other financing or financial institutions.

11. Taxpayer Identification Number Requirement

A Recipient classified for tax purposes as an individual, partnership, proprietorship, or medical corporation is required to submit a taxpayer identification number (TIN) (either social security number of employer identification number as applicable) on Form W-9, "Payer's Request

for Taxpayer Identification Number." Tax-exempt organization s and corporations (with the exception of medical corporations) are excluded from this requirement. Form W-9 is to be submitted to the regional office within 60 days of the award start date. The TIN will be provided to the IRS by EDA on Form 1099-G, "Statement for Recipients of Certain Government Payments." Applicable Recipients who either fail to provide their TIN or provide an incorrect TIN may have funding suspended until the requirement is met. Disclosure of a Recipient's TIN is mandatory for Federal income tax reporting purposes under the authority of 26 U.S.C., Section 6011 and 6109(d), and 26 CFR, Section 301.6109-1. This is to ensure the accuracy of income computation by IRS. This information will be used to identify an individual who is compensated with DoC funds or paid interest under the Prompt Payment Act.

D. NONDISCRIMINATION REQUIREMENTS

No person in the United States can, on the ground of race, color, national origin, handicap, religion, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance. The Recipient agrees to comply with the nondiscrimination requirements below and any statutes, regulations, and EOs whether or not referenced herein to be applied on the date they are administered:

1. Statutory Provisions

a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. P.L. 105-393 2000d et seq.) and DoC implementing regulations published at 15 CFR part 8 which prohibit discrimination on the grounds of race, color, or national origin under programs or activities receiving Federal financial assistance;

b. Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.) prohibiting discrimination on the basis of sex under Federally assisted education programs or activities;

c. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794) and DoC implementing regulations published at 15 CFR Part 8b prohibiting discrimination on the basis of handicap under any program or activity receiving or benefitting from Federal assistance;

d. The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.) and DoC implementing regulations published at 15 CFR Part 20 prohibiting discrimination on the basis of age in programs or activities receiving Federal financial assistance;

e. The Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) prohibiting discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto, as well as public or private entities that provide public transportation; and

f. Any other nondiscrimination provisions of statutory law.

2. Other Provisions

a. Executive Order 11114, 11246,11375, and 12086;

b. Construction Contractors Affirmative Action Requirements, 41 CFR Part 60-4; and

c. 13 CFR Part 317, civil rights requirements for Recipients.

E. AUDITS

Under the Inspector General Act of 1978, as amended, 5 U.S.C. App.I, section 1 et seq., an audit of the award may be conducted at any time. The Inspector General of the DoC, or any of his or her duly authorized representatives, has access to any pertinent books, documents, papers and records of the Recipient, whether written, printed, recorded, produced or reproduced by any mechanical, magnetic or other process or medium, in order to make audits, inspections, excerpts, transcripts or other examinations as authorized law. When the OIG requires a project audit, the OIG will usually make the arrangements to audit the award, whether the audit is performed by OIG personnel, an independent accountant under contract with DoC, or any other Federal, state or local audit entity.

1. Organization-Wide, Program Specific, and Project Audits

a. Organization-wide or program-specific audits will be performed in accordance with the Single Audit Act Amendments of 1996, as implemented by OMB circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Recipients that are subject to the provisions of OMB Circular A-133 and that expend $300,000 or more in a year in Federal awards will have an audit performed in accordance with the requirements contained in OMB Circular A-133. Additionally, when required under a special award condition, a project audit will be performed in accordance with Federal Government auditing standards.

b. The Recipient must submit copies of audits to each Grants Officer that directly provides funds. Audits must be submitted to the DoC OIG at the following address with a copy of the transmittal letter to the EDA regional office.

Office of Inspector General
U.S. Department of Commerce
Atlanta Regional Office of Audits
401 West Peachtree, NW, Suite 2742
Atlanta, Georgia 30308

c. Recipients expending Federal awards over $300,000 a year and having audits conducted in accordance with OMB Circular !-133 must also submit a copy of organization-wide or program specific audits to the Bureau of the Census, which has been designated by OMB as a central clearinghouse. The address is:

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

2. **Audit Resolution Process**

a. An audit of the award may result in the disallowance of costs incurred by the Recipient, and the establishment of a debt (account receivable) due EDA. For this reason, the Recipient should take seriously its responsibility to respond to all audit findings and recommendations with adequate explanations and supporting evidence whenever audit results are disputed.

b. A Recipient whose award is audited has the following opportunities to dispute the proposed disallowance of costs and the establishment of a debt:

(1) Unless the Inspector General determines otherwise, the Recipient has 30 days from the date of the transmittal of the draft audit report to submit written comments and documentary evidence.

(2) The Recipient has 30 days from the date of the transmittal of the final audit report to submit written comments and documentary evidence. There will be no extension of this deadline.

(3) EDA will review the documentary evidence submitted by the Recipient and notify the Recipient of the results in an Audit Resolution Determination Letter. The Recipient has 30 days from the date of receipt of the Audit Resolution Determination Letter to submit a written appeal. There will be no extension of this deadline. The appeal is the last opportunity for the Recipient to submit written comments and documentary evidence that dispute the validity of the audit resolution determination. In addition, an appeal does not preclude the Recipient's obligation to pay a debt that may be established nor does the appeal preclude the accrual of interest on a debt.

(4) EDA will review the Recipient's appeal and notify the Recipient of the results in an Appeal Determination Letter. After the opportunity to appeal has expired or after the appeal determination has been rendered, EDA will not accept any further documentary evidence from the Recipient. There will be no other administrative appeals available in EDA.

F. DEBTS

1. Payment of Debts Owed the Federal Government

Any debts determined to be owed the Federal Government must be paid promptly by the Recipient. A debt will be considered delinquent if it is not paid within 15 days of the due date. Failure to pay a debt by the due date shall result in the imposition of late payment charges as noted below. In addition, failure to pay the debt or establish a repayment agreement by the due date will also result in the referral of the debt for collection action and may result in DoC taking further action as specified in the standard term and condition entitled "Unsatisfactory Performance." The Recipient may also be suspended or debarred from further Federal financial and non-financial assistance and benefits, as provided in 15 CFR Part 26, "Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants)" until the debt has been paid in full or until a repayment agreement has been approved and payments are made in accordance with the agreement. Payment of a debt may not come from other Federally sponsored programs. Verification that other Federal funds have not been used will be made during future program visits and audits.

2. Late Payment Charges

a. An interest charge will be assessed on the delinquent debt (over 15 days) as established by the Debt Collection Act of 1982, as amended. The minimum annual interest rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. This rate is published in the Federal Register by the Department of the Treasury. The assessed rate remains fixed for the duration of the indebtedness.

b. A penalty charge will be assessed on any portion of a debt that is delinquent for more than 90 days., although the charge will accrue and be assessed from the date the debt became delinquent.

c. An administrative charge will be assessed to cover processing and handling the amount due.

d. State and local governments are not subject to penalty and administrative charges.

G. NAME CHECK

A name check review must be performed by the OIG on key individuals associated with nonprofit organizations, unless an exemption has been authorized by the Inspector General. Both officials of state and local governments and officials of accredited colleges and universities who are acting on behalf of their respective entities in applying for assistance are exempt from the name check requirement. In addition, all elected officials of state and local governments who are serving in ex officio capacities when applying for assistance are exempt.

1. Results of Name Check

EDA reserves the right to take any of the actions described in G.2. below if any of the following occurs as a result of the name check review:

a. A key individual fails to submit the required form "Identification - Applicant for Funding Assistance" (CD-346).

b. A key individual made an incorrect statement or omitted a material fact on the CD-346; or

c. The name check reveals significant adverse findings that reflect on the business integrity or responsibility of the Recipient and/or key individual.

2. Action(s) Taken as a Result of Name Check Review

If any situation noted in G.1. above occurs, EDA, at its discretion, may take one or more of the following actions:

a. Consider termination for cause of the award;

b. Require the removal of any key individual from association with the management of and/or implementation of the award; and/or

c. Make appropriate provisions or revisions at EDA's discretion with respect to the method of payment and/or financial reporting requirements.

H. LOBBYING RESTRICTIONS

1. Statutory Provisions

The Recipient must comply with the provisions of Section 319 of P.L. 101-121, which added Section 1352 to Chapter 13 of Title 31 of the United States Code, and DoC implementing regulations published at 15 CFR Part 28, "New Restrictions on Lobbying." These provisions generally prohibit the use of Federal funds for lobbying the Executive or Legislative Branches of the Federal government in connection with the award, and require the disclosure of the use of non-Federal funds for lobbying.

2. Disclosure of Lobbying Activities

The Recipient receiving in excess of $100,000 in Federal funding must submit a completed "Disclosure of Lobbying Activities" (SF-LLL) regarding the use of non-Federal funds for lobbying. The SF-LLL must be submitted within 30 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. The Recipient must submit the SF-LLLs, including those received from subrecipients, contractors, and subcontracotrs, to the regional office.

An Indian tribe or organization that is seeking an exclusion from Certification and Disclosure requirements must provide (preferably in attorney's opinion) EDA with the citation of the provision or provisions of Federal law upon which it relies to conduct lobbying activities that would otherwise be subject to the above provisions.

3. Subaward, Contract, and Subcontract

a. Applicability of Award Provisions to Subrecipients

The Recipient must require all subrecipients, including lower tier subricipients, under the award to comply with the provisions of the award including applicable cost principles, administrative, and audit requirements.

b. Applicability of Provisions to Subawrds, Contracts, and Subcontractos

(1) The Recipient must include the following notice in each request for applications or bids:

Applicants /bidders for a lower tier covered transaction (except for goods and services under the $100,000 small purchase threshold and where the lower tier Recipient will have no critical influence on or substantive control over the award) are subject to 15 CFR Part 26, Subparts A through E, Governmentwide Debarment and Suspension (Nonprocurrement). In addition, applicants/bidders for a lower tier covered transaction for a subaward, contract, or subcontract greater than $100,000 of Federal funds at any tier are subject to 15 CFR Part 28, "New Restrictions on Lobbying." Applicants/bidders should familiarize themselves with these provisions, including the certification requirements. Therefore, applications for a lower tier covered transaction must include a "Certifications Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions and Lobbying" (CD-512) completed without modification.

(2) The Recipient must include a statement in all lower tier covered transactions (subawards, contracts, and

subcontracts), that the award is subject to Executive Order 12549, "Debarment and Suspension" and DoC implementing regulations published at 15 CFR part 26, Subparts A through E, "Governmentwide Debarment and Suspension (Nonprocurement)."

(3) The Recipient must include a statement in all lower tier covered transactions (subawards, contracts, and subcontracts) exceeding $200,000 in Federal funds, that the subaward, contract, or subcontract is subject to Section 319 of Public Law 101-121, which added Section 1352, regarding lobbying restrictions, to Chapter 13 or Title 31 of the United States Code as implemented at 15 CFR Part 28, "New Restrictions on Lobbying." The Recipient must further require the subrecipient, contractor, or subcontractor to submit a completed "Disclosure of Lobbying Activities" (SF-LLL) regarding the use of non-Federal funds for lobbying. The SF-LLL must be submitted within 15 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. The SF-LLL must be submitted from tier to tier until received by the Recipient. The Recipient must submit all disclosure forms received, including those that report lobbying activity on its own behalf, to the regional office within 30 days following the end of the calendar quarter.

I. MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES

EDA encourages Recipients to utilize minority and women-women owned firms and enterprises in contracts awarded under financial assistance awards. The Minority Business Development Agency will assist Recipients in matching qualified minority and women-owned enterprises with contract opportunities. For further information contact:

U.S. Department of Commerce
Minority Business Development Agency
Herbert C. Hoover Building
14th Street and Constitution Avenue, NW
Washington, D.C. 20230

J. SUBAWARD AND/OR CONTRACT TO A FEDERAL AGENCY

1. The Recipient, subrecipient, contractor, and/or subcontractor must not sub-grant or sub-contract any part of the approved project to any agency of the DoC and/or other Federal department, agency or instrumentality, without the prior written approval of EDA.
2. Requests for approval of such action must be submitted to the regional office which will review and make the final determination with the concurrence of legal counsel of EDA and legal counsel of the other Federal department , agency or instrumentality receiving the subaward and/or contract. The Government will notify the Recipient in writing of the final determination.

K. PROPERTY MANAGEMENT

1. Standards
   The Recipient must comply with the pertinent property management standards as stipulated in the applicable uniform administrative requirements, and 13 CFR part 314. Any inventory listings stipulated under the applicable uniform administrative requirements must be submitted on the "Report of Government Property in Possession of Contractor" (CD-281). The CD-281 must be submitted in duplicate (an original and on copy) to the regional office.
2. Retention of Title
   a. The Government determines who retains title to all nonexpendable personal property in accordance with 15 CFR part 24 or 15 CFR part 14 as applicable. Use, management, and disposition of the property will be in accordance with the applicable rules at 15 CFR Part 24 or 14 and EDA regulations at 13 CFR Part 314.

b. Title to real property (whether acquired partly or wholly with Federal funds) will vest with the Recipient subject to the condition that the Recipient uses the real property for the authorized purpose of the project.

3. **Disposal of Real Property**

a. When EDA and the Recipient determine that property acquired or improved in whole or in part with grant assistance is no longer needed for the purpose of the original project, the Recipient must obtain prior approval from the Government for the use of the real property in other Federal grant programs, or programs that have purposes consistent with those authorized for support by EDA.

b. When property is no longer required as provided above, the Government determines final disposition and must be compensated by the Recipient for the Federal share of the value of the property, plus costs and interest, as contained in 13 CFR Part 314.5.

4. **EDA's Interest in Award Property**

a. Recording EDA';s Interest in Property:

(1) For projects involving the acquisition, construction or improvement of a building, the Recipient expressly agrees to declare and furnish to the Government, prior to initial Award disbursement, a lien, covenant or other statement, satisfactory to EDA in form and substance, of EDA;s interest in the property acquired or improved in whole or in part with the funds made available under this Award. The statement must specify in years the estimated useful life of the project and shall include, but not limited to disposition, encumbrance, and compensation of Federal share.

(2) This lien, covenant or other statement of the Government's interest must be perfected and placed of record in the real property records of the jurisdiction in which the property is located, all in accordance with local law. EDA may require an opinion of counsel for the Recipient to substantiate that the document has been properly recorded.

(3) Facilities in which EDA investment is only a small part of a large project, as determined by EDA, may be exempted from the requirements of this paragraph a., but the property remains subject tot he remaining provisions of section K.4.

b. The Recipient acknowledges that the Government retains an undivided equitable reversionary interest in the property acquired or improved in whole or in part with the funds made available through this Award throughout the useful life (as determined by EDA) of the property, except in those instances listed in 13 CFR 314.7(c).

c. The Recipient agrees that in the event it disposes of, or alienates in any manner any interest in, the property during its useful life, without EDA's written approval, the Government will be entitled to recover the Federal share of the value of the property. When during its useful life property is no longer needed for the purpose of the Award, as determined by EDA, EDA may permit its use for other acceptable purposes consistent with those authorized for support by EDA.

d. For purpose of any lien or security interest, the amount of the Government's share shall be the full amount of the EDA Award. However, the Federal share to which the Government is entitled (as stated in paragraph c., above) may be more or less than the Award.

e. Alienation of Award property includes sale or other conveyance of the Recipient's interest, leasing or mortgaging the property, or granting an option for any of the foregoing. During the useful life of the property, EDA ordinarily will approve the alienation of Award property without requiring recovery of the Federal share of its value only where such alienation is intended in the original Award, except that EDA

may approve mortgaging of the property as provided by regulation (13 CFR Part 314).

5. **Leasing Restrictions**

Leasing or renting of the facilities is prohibited unless specifically, authorized by EDA. The Recipient agrees that any leasing or renting of the facilities involved in this project will be subject to the following: that said lease arrangement is consistent with the authorized general and special purpose of the Award; that said lease arrangement is for adequate consideration; and that said lease arrangement is consistent with applicable EDA requirements concerning, but not limited to nondiscrimination and environmental compliance.

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER MAKING THE MINUTES OF THE MISSISSIPPI BOARD OF ECONOMIC DEVELOPMENT A PART OF THE OFFICIAL MINUTES OF THE CITY COUNCIL

Motion was made by Councilmember Guy, seconded by Councilman Thorman, that a copy of the Minutes of the Mississippi Department of Economic and Community Development issuing the Certificate of Public Convenience and Necessity No. 818R in connection with industrial development revenue bond issue for Magnolia Air I, LCC, is hereby made a part of the official minutes of the City Council.

MISSISSIPPI DEVELOPMENT AUTHORITY

May 17, 2001

Pursuant to call by the Executive Director, Mr. J.C. Burns, the Mississippi Development Authority met in the City of Jackson, Hinds County, State of Mississippi at 1:30 p.m., Thursday, May 17, 2001, for the purpose of considering such matters as might properly come before the Authority in accordance with the power and authority conferred upon the Authority by Senate Bill No. 2925, 1988 Regular Session of the Mississippi Legislature, Laws of 1988.

There were present the following:

Mr. J.C. Burns
Mr. Jim Craig
Ms. Dusty Hinton

The next matter for consideration was the application of the Mayor and City Council of the City of Picayune, Mississippi, acting for and on behalf of the City of Picayune, Mississippi, for a Certificate of Public Convenience and Necessity for industrial development. After hearing oral testimony and considering the documentary evidence submitted and after a full discussion and due consideration, thereof, the following order was presented:

ORDER OF THE MISSISSIPPI DEVELOPMENT AUTHORITY DIRECTING THE ISSUANCE TO THE MAYOR AND CITY COUNCIL OF THE CITY OF PICAYUNE, MISSISSIPPI, OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, INVOLVING THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS.

WHEREAS, this Authority has heard and taken oral and documentary evidence and has made full investigation of the matter, and on the basis thereof does hereby find and determine as follows:

RECESSED MEETING DATED MAY 22, 2001

1. On the 17th day of May, 2001, the Mayor and the City Council of the City of Picayune, Mississippi, acting for and on behalf of the City of Picayune, Mississippi (the "Governing Body"), filed with this Authority its resolution dated the 6th day of February 2001, and duly recorded in the minutes of the Governing Body praying the issuance of a Certificate of Public Convenience and Necessity authorizing the acquisition of industrial enterprise (the "Project"), consisting of funds to defray the cost of acquiring, constructing and improving an industrial enterprise consisting of land, buildings and equipment (all of which constitute the Project), for the purpose of acquiring an industrial project for the maintenance and re-manufacturing of aircraft, or other permissible products under Section 57-3-1 et. seq., Mississippi Code of 1972, as amended (the "Act"), and with said resolution submitted for the approval of this Authority a Memorandum of Agreement ("Agreement") by and between the Governing Body and Magnolia Air I, LLC, a corporation organized and existing under the laws of the State of Mississippi (the ""Company"), covering the financing and leasing of the Project; and also submitted for approval of this Authority is a letter from Duncan Williams, Inc., Memphis, Tennessee (the "Bond Placement Letter") providing that Duncan Williams, Inc., will serve as bond purchaser in connection with the revenue bonds to be issued by the Governing Body; and

2. The Governing Body requested that this Authority issue its Certificate of Public Convenience and Necessity authorizing the acquisition of the Project, approving the Agreement and Bond Placement Letter, and authorizing the issuance of said revenue bonds, said bonds to be issued in one or more series on a tax-exempt or taxable basis; and

3. The general welfare requires that the Governing Body enter into said enterprise; and

4. The Governing Body should be authorized to engage in said enterprise which is deemed essential for the economic development and advancement of the Governing Body; and

5. There are sufficient natural resources readily and economically available for the operation of the type of industry provided by the Agreement between the Governing Body and the Company for not less than thirty (30) years; and

6. There is available within an area of twenty-five (25) miles of the proposed site of the enterprise in or near the Governing Body a labor supply to furnish at least one and one half (1 and 1 ½) workers between the ages of eighteen (18) and fifty (50) for each operative job in said enterprise; and

7. The Governing Body has found and determined that because of the particular nature of the Project, it would be in the best public interest of the Governing Body to negotiate the contract or contracts for the acquisition, construction and erection of the Project

IT IS, THEREFORE, ORDERED AS FOLLOWS:

1. The Agreement and the Bond Placement Letter are hereby each separately approved, and this Authority is hereby directed to incorporate a certified copy of each in the certificate following this order.

2. The findings of the Governing Body, that because of the particular nature of the Project, it would be in the best public interest of the Governing Body to negotiate the contract or contracts for the acquisition, construction and erection of the Project, is hereby approved.

3. The Certificate of Public Convenience and Necessity prayed for by the Governing Body be and the same is hereby granted and issued in the following form, to-wit:

CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY NO. 818-R

The Mississippi Development Authority, having made due investigation and determination concerning the acquisition of the Project for the purpose of acquiring an industrial project for the maintenance and re-manufacturing of aircraft, or other permissible products under the Act, does hereby issue to the Governing Body, this **CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.**

The Mississippi Development Authority, acting pursuant to the provisions of the Act, does hereby fix and determine that the rights, powers and duties conferred by this Certificate shall be exercised in the manner hereinafter set out and subject to the provisions, limitations and restrictions hereinafter set out.

RECESSED MEETING DATED MAY 22, 2001

HEREBY, the Governing Body is authorized and empowered:

(1) To enter upon an enterprise consisting of the acquisition and leasing of the Project, and in order to do so, to adopt and publish a resolution declaring its intention to issue its revenue bonds as authorized by the Act (or in the event such is required, to call and hold the election as provided in the Act), to issue such revenue bonds in the principal amount not to exceed Five Million Dollars ($5,000,000.00), such bonds to be issued in one or more series on a tax-exempt or taxable basis, to provide funds for the Project; and

(2) To acquire and own the Project, and to let, to lease, to rent, to sell, or to convey the Project in strict compliance with the provisions of the Act and under the terms of a Contract as may be entered into by the Governing Body and Magnolia Air I, LLC, (the "Company"), or its designee providing therefor and approved by this Authority (the "Contract"); and

(3) To expend, in order to acquire, construct and install the Project, such of the proceeds of said revenue bonds as may be required in order to perform such obligations as may be undertaken by the Governing Body in the Contract.

The provisions, limitations and restrictions to which the foregoing authority and powers are subject are the following:

(a) The bonds authorized herein to be issued shall be limited obligations of the Governing Body, the principal of and interest on which shall be payable solely out of the revenues derived from the lease of the Project to finance which the bonds are issued. Said bonds shall mature over a period of time not to exceed thirty (30) years from their date and in such installments as authorized by the Act; and

(b) That for the payment of said bonds as and when issued and interest thereon and for the creation of a sinking fund for the payment of said bonds and interest, all rental and other income accruing from the Contract shall be pledged; and such payment may further be secured by a pledge of the Contract and such other security as authorized by the Act. Neither such bonds nor the interest thereon shall ever constitute or give rise to pecuniary liability of the Governing Body or a charge against its general credit or taxing powers, and such shall be plainly stated on the face of such bonds; and

(c) That such bonds shall be offered and sold in strict compliance with applicable Federal and State securities laws and said bonds may not be resold except in accordance with such Federal and State securities laws; and

(d) That the Governing Body may lease the Project but shall never operate same as part of the enterprise unless specifically authorized by this Authority so to do; and

(e) That the Governing Body shall in every respect in the exercise of the authority powers hereby granted, conform to and comply with the provisions of the Act; and

(f) That this Certificate shall expire on the 17th day of May, 2002, unless the Governing Body shall, prior thereto, proceed to exercise the authority and powers therein granted; subject however, to any delays necessitated by any legislation or acts of God delaying the establishment of the enterprise.

WITNESS THE SIGNATURE AND SEAL of the Mississippi Development Authority, hereto affixed by its duly authorized officer, this the 17th day of May, 2001.

MISSISSIPPI DEVELOPMENT AUTHORITY

BY:/S/ James C. Burns, Jr.
James C. Burns, Jr.
EXECUTIVE DIRECTOR

SEAL

The next order of business was the consideration of the Memorandum of Agreement by and between the Governing Body and the Company, a copy of which is attached hereto and becomes a part of this certificate as fully as though copied at length herein. The Agreement provides for the issuance by the Governing Body of Industrial Development Revenue Bonds in the amount not to exceed Five Million Dollars ($5,000,000.00), with principal and interest to be repaid by said Company within a period of time not to exceed thirty (30) years as rent.

RECESSED MEETING DATED MAY 22, 2001

After a full discussion, the Memorandum of Agreement as described above and entered into pursuant to Certificate of Public Convenience and Necessity No. 818-R was approved by the Authority.

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT made and entered into by and between the Mayor and City Council of the City of Picayune, Mississippi (the "Issuer") and Magnolia Air I, LLC, a limited liability company organized and existing under the laws of the State of Mississippi, (the "Company");

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the provisions of Title 57, Chapter 3 of the Mississippi Code of 1972 (the "Act") to issue revenue bonds for the purpose of providing funds to pay all or any part of the cost of any project (as defined in the Act) and the lease of such project to others, and proposed to acquire an industrial enterprise consisting of a building and equipment (which constitutes the "Project"), which Project is located within the Issuer, for the maintenance and re-manufacturing of aircraft and other permissible projects under the Act and to lease the Project to the Company or to its designee; and

WHEREAS, the Company wishes to obtain satisfactory assurance from the Issuer that the Issuer will issue the bonds and that the proceeds of the sale of said bonds of the Issuer will be made available to finance the costs of the Project; and

WHEREAS, the Issuer has indicated its willingness to proceed with such financing as an inducement to the company to locate the Project as aforesaid and the Issuer has advised the Company that, subject to due compliance with all requirements of law, the Issuer, by virtue of such statutory authority as may now or hereafter be conferred by the Act, will issue and sell its industrial development revenue bonds in the principal amount not to exceed Five Million Dollars ($5,000,000.00) (the "Bonds") to defray the costs of acquiring the Project.

NOW, THEREFORE, the Issuer and the Company agree as follows:

1. Undertakings of the Issuer. Subject to the conditions above stated, the Issuer agrees as follows:

(a) That it will obtain a Certificate of Public Convenience and Necessity (the "Certificate") from the Executive Director of the Mississippi Development Authority (the "Executive Director"), as required by the Act, authorizing the Issuer to acquire, own and lease the Project.

(b) That it will acquire the Project and lease it to the Company or its designee under a Lease Agreement (the "Lease") and the aggregate basic rents payable under the Lease shall be such sums as shall be sufficient to pay the principal of, interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable.

(c) That it will authorize the issuance and sale of the Bonds pursuant to the terms of the Act on such terms and conditions as shall be mutually agreeable to the parties hereto and to the purchaser of the Bonds.

(d) That it will authorize the execution of a Trust Indenture or other instrument securing bonds (the "Indenture") providing security for the Bonds, which Indenture shall be entered into by the Issuer and a banking institution having trust powers and which is mutually acceptable to the Company and the Issuer.

(e) That it will obtain the Executive Director's approval of the Lease and authority to issue the Bonds pursuant to the Certificate in the principal amount as aforesaid to obtain funds for the acquisition of the Project under the provisions of the Act.

(f) That it will within a reasonable time after the adoption of all proceedings of the Issuer required by the Act submit the same for validation under the provisions of Title 31, Chapter 13, Mississippi Code of 1972, and will prosecute said validation proceedings and secure therein a final decree of the Chancery Court of the Pearl River County, Mississippi validating the Bonds.

(g) That it will employ legal counsel of its choice in connection with the issuance of the Bonds, will cooperate with nationally recognized bond counsel (selected by the Company and the purchaser purchasing the Bonds and approved by the Issuer) in the preparation of all documents and proceedings relating to the issuance of the Bonds and will submit to said bond counsel a complete certified transcript of said proceedings had and done by the Issuer in connection with the issuance and delivery of the Bonds,

including the validation thereof, in order that said bond counsel may render and deliver to the purchaser, to the Company and to the Issuer an opinion of said bond counsel that the Bonds have been legally authorized and that the Bonds when issued in accordance with the provisions of the Indenture will constitute valid and legally binding obligations of the Issuer in accordance with their terms and the terms of the Indenture.

2. Undertakings of the Company. Subject to the conditions above stated, the Company agrees as follows:

(a) That the Company or its designee will use all reasonable efforts to find one or more purchasers for the Bonds.

(b) That the Company or its designee will acquire a leasehold interest in certain real property and proceed with acquisition and installation of the Project and, that the Company or its designee will convey its interest in the Project to the Issuer as provided in the Lease.

(c) That the Company or its designee will enter into the Lease with the Issuer under the terms of which the Company or its designee will obligate itself to lease the Project from the Issuer and to pay the Issuer sums sufficient in the aggregate to pay the principal of, interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable.

(d) That the Company or its designee will enter into a guaranty agreement (the "Guaranty") guaranteeing payment of the principal of, premium, if any, and interest on the Bonds.

3. Limited Obligation. The Bonds shall be limited obligations of the Issuer and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State of Mississippi, and shall never constitute nor give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers, nor shall the Issuer be obligated to pay the Bonds except from such rentals and other revenues derived from the Project.

4. Approval of Instruments. The Company's obligations hereunder (except for those set forth in paragraph 5 hereof) are subject to the Company's right to approve the form and terms of the Lease, the Indenture, the Guaranty and all other agreements, instruments and documents connected with the transaction contemplated hereby.

5. Termination. If the Bond are not issued and delivered on or before two years from the date hereof (or such other date as shall be mutually agreed upon in writing by the Issuer and the Company), the Company agrees that it will reimburse the Issuer and the bond counsel for all reasonable costs relating to the Project, including reasonable fees for legal services of counsel for the Issuer and bond counsel and costs relating to the issuance of the Bonds and costs incidental thereto, theretofore incurred by or on behalf of the Issuer or the Company, and this Agreement shall thereupon terminate. It is expressly understood that the Company shall have the sole responsibility and liability for all said costs, and that the Issuer has no authority to pay such costs except from the proceeds of the Bonds.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their officers thereunto duly authorized as of this the_____day of_____, 2001.

CITY OF PICAYUNE, MISSISSIPPI

BY:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

MAGNOLIA AIR I, LLC.

BY_____
Title

ATTEST:

BY_____
Title

RECESSED MEETING DATED MAY 22, 2001

(SEAL)

Following the reading of the foregoing resolution, Councilmember Guy seconded the motion for its adoption. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and Thorman

The motion having received the affirmative vote of all council members present, the Mayor declared the motion carried and the resolution adopted, this the 6th day of February, 2001.

_____
Mayor
City of Picayune, Mississippi

ATTEST:

_____
City Clerk
City of Picayune, Mississippi

(SEAL)

CERTIFICATE

I, Sabrina Diamond, Clerk of the City of Picayune, Mississippi, do hereby certify that the above and foregoing is a true and correct excerpt from the minutes of the regular meeting of the Mayor and City Council of the City of Picayune, Mississippi, held on February 6, 2001, as the same appears in the Minute Book 28, beginning at page 170-171of the records of proceedings of said Mayor and City Council on file in the office of the City Clerk of the City of Picayune, Mississippi.

Given under my hand and seal of said Mayor and City Council at my office in Picayune, Mississippi, this the 5th day of March, 2001.

_____
City Clerk
City of Picayune, Mississippi

(SEAL)

The next order of business was the consideration of the Bond Placement Letter by Duncan Williams, Inc., Memphis, Tennessee. A copy of this Bond Placement Letter is attached hereto and becomes a part of this certificate as fully as though copied at length herein. This Bond Placement Letter provides that Duncan Williams, Inc., will serve as bond purchasing agent in connection with the revenue bonds to be issued by the Governing Body.

After a full discussion of the matter, the Bond Placement Letter as described above and entered into pursuant to Certificate of Public Convenience and Necessity No. 818-R was approved by the Authority.

Duncan-Williams, Inc.
5860 Ridgeway Center Parkway
Memphis, Tennessee 38120

Mississippi Development Authority
P.O. Box 849
Jackson, MS 39205

February 6, 2001

RE: City of Picayune, Mississippi Industrial Development Revenue Bonds
(Magnolia Air I, LLC Project)

RECESSED MEETING DATED MAY 22, 2001

Gentlemen:

We understand that the city of Picayune, Mississippi, proposes to proceed with an application to the Mississippi Development Authority for a Certificate of Public Convenience and Necessity authorizing the issuance of said City of $5,000,000, the proceeds of which will be used to acquire an industrial project, which will thereafter be leased to Magnolia Air I, LLC, a Mississippi limited liability company (the "Lessee") or its designee.

Payment of principal, premium, if any, and interest on the bonds will be unconditionally guaranteed by Magnolia Air I, LLC, a Mississippi limited liability company (the "Guarantor").

It is our intention to tender to you a bond purchase agreement covering such bonds at such time as we may be requested to do so by the Lessee. Such agreement shall set forth the terms and conditions to conform to the requirements of Sections 57-3-1 through 57-3-33, inclusive, of the Mississippi Code of 1972.

We understand that this letter will be submitted to the Mississippi Development Authority with the application for the above, referenced Certificate of Public Convenience and Necessity.

Sincerely yours,

/s Mac
Duncan-Williams, Inc.

There being no further business to come before the Mississippi Development Authority, lawfully assembled in a called meeting.

IN WITNESS WHEREOF and in accordance with the power and authority conferred upon the Department by Senate Bill 2925, Regular Session of the Mississippi Legislature, Laws of 1988, I, J.C. BURNS, as Executive Director of the Mississippi Development Authority, do hereby approve the attached Certificate on this, the 17th day of May, 2001.

/s J.C. Burns
J.C. Burns
Executive Director

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER ADOPTION OF RESOLUTION DECLARING THE INTENTION OF THE CITY TO ISSUE INDUSTRIAL DEVELOPMENT REVENUE BONDS

The Mayor and City Council of the City of Picayune, Mississippi, acting for and on behalf of the City of Picayune, Mississippi, took up for consideration the matter of issuance of Industrial Development Revenue Bonds of the City of Picayune, in the principal amount not to exceed Three Million Dollars (3,000,000). After discussion of the subject, Councilmember Guy offered and moved the adoption of the following resolution:

RESOLUTION DECLARING THE INTENTION OF THE CITY OF PICAYUNE, MISSISSIPPI, TO ISSUE INDUSTRIALDEVELOPMENT REVENUE BONDS OF SAID ISSUER IN THE PRINCIPAL AMOUNT NOT TO EXCEED THREE MILLION ($3,000.000) TO DEBRAY THE COST OF ACQUIRING, CONSTRUCTING AND IMPROVING AN INDUSTRIAL ENTERPRISE CONSISTING OF BUILDINGS AND EQUIPMENT FOR THE MAINTENANCE AND RE-MANUFACTURING OF AIRCRAFT OR OTHER PERMISSIBLE PRODUCTS, AND TO HOLD A PUBLIC HEARING REGARDING THE SAME;

RECESSED MEETING DATED MAY 22, 2001

AND DIRECTING THE PUBLICATION OF NOTICE OF SUCH PUBLIC HEARING.

WHERAS, the Mayor and City Council of Picayune, Mississippi (the "Governing Body"), acting for and on behalf of the City of Picayune, Mississippi (the "Issuer"), does hereby find, determine and adjudicate as follows:

1. The Issuer is a municipality as defined in Title 57, Chapter 3,of the Mississippi Code of 1972 (the "Act");

2. On February 6, 2001, this Governing Body, as authorized by the Act, adopted a resolution making application to the Mississippi Department of Economic and Community Development (the "Department") for a Certificate of Public Convenience and Necessity (the "Certificate") authorizing the Issuer to own and lease a Project as hereinafter defined and to issue its industrial development revenue bonds to defray the cost of constructing said Project;

3. On May 17, 2001, the Executive Director of the Department ordered and directed the approval of the aforesaid application and issued its Certificate No. 818R to the Governing body, which Certificate authorized and empowered this Governing Body, acting for and on behalf of the Issuer, subject to the conditions therein set out, to adopt and publish a resolution declaring its intention to issue industrial development revenue bonds of the Issuer as authorized by the Act in the principal amount not to exceed Three Million Dollars ($3,000,000) to provide funds to defray the cost of constructing said Project and thereafter to lease said Project to Magnolia Air I, LLC (the "Company"), or its designee, for the purpose hereinafter set out;

4. In order to promote industrial development and to provide additional gainful employment for its citizens, the Issuer should declare its intention to issue industrial development revenue bonds of the Issuer in the principal amount herein provided; and in order to give any person who may be interested in the issuance of said bonds a reasonable opportunity to be heard, a public hearing should be held with respect to such issuance.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE ISSUER AS FOLLOWS:

SECTION 1. That this Governing Body, acting for and on behalf of the Issuer, does hereby declare its intention to issue Industrial Development Revenue Bonds of the Issuer in the principal amount not to exceed Three Million Dollars ($3,000,000) (the "Bonds") to provide funds for the purpose of defraying the cost of constructing and improving an industrial enterprise consisting of buildings and equipment for the maintenance and re-manufacturing of aircraft or other permissible products under Section 57-3-1 *et seq.* of the Act, as amended (all of which to together constitute the ("Project"), to be located at the City of Picayune Municipal Airport and thereafter to lease the Project to the Company provided that the Bonds shall be payable both as to principal and interest solely from the revenue to be derived from the leasing of the Project, and neither the Bonds nor the interest thereon shall ever constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State of Mississippi, nor ever constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

SECTION 2. That a public hearing with respect to the issuance of the Bonds in the amount and for the purpose aforesaid shall be held by the Governing Body at their usual meeting place, at the Criminal Justice Center, 328 South Main in the City of Picayune, Mississippi, at the hour of 6:00 o'clock p.m. on July 3, 2001, in order to provide a reasonable opportunity for persons with differing views on the issuance of the Bonds and the location and nature of the proposed project to be heard. Copies of applications, and other documents generally describing the Project, made by the Issuer and the Company to the Mississippi Department of Economic and Community Development may be inspected at or obtained from the City Clerk, City Hall, Picayune, Mississippi.

SECTION 3. That following such hearing, the Governing Body shall consider and vote on the issuance of the Bonds in the amount and for the purposes aforesaid. Under the laws of the State of Mississippi, an election on the issuance of the Bonds may be called and if on or before the aforesaid date and hour twenty percent (20%) of the qualified electors of the Issuer shall file a written protest against the issuance of the Bonds, the Bonds shall not be issued unless authorized at an election on the question of the issuance thereof to be called and held as provided by law. If no such protest be filed, then the Bonds may be issued without an election on the question of the issuance thereof at any time within a period of two (2) years after the date hereinabove specified.

SECTION 4. That this resolution shall be published once a week for at least three (3) consecutive weeks in THE PICAYUNE ITEM, a newspaper published in and having a general circulation in the City of Picayune, Mississippi, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972. The first publication of this resolution shall be made not less than twenty-one (21) days prior to the date fixed in this resolution for the issuance of said Bonds and the last publication shall be made not more than seven (7) days prior to the aforesaid date.

SECTION 5. That the Clerk of this Governing Body is hereby directed to procure from the publishers of the aforesaid newspaper the customary proof of the publication of this Resolution and to have the same before this Governing Body at their meeting to be held and at the hour set forth in Section 2 of this Resolution.

RECESSED MEETING DATED MAY 22, 2001

Following the reading of the foregoing Resolution, Councilmember Thorman seconded the motion of its adoption. The following roll call vote was recorded:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion having received the affirmative vote of a majority of the Councilmembers present, the Mayor declared the motion carried and the Resolution adopted, this the 22nd day of May, 2001.

ORDER TO ADJOURN

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

June 5, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, June 5, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Mark Thorman, and Learvern Guy, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the minutes of the Mayor and Council of May 1, 2001 and May 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER APPROVAL OF QUITCLAIM DEED

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign a quitclaim deed to Charles Jarrell for 1997 taxes on parcel #517-828-000-00-077-00. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST FOR TAX REFUND

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the refund in the amount of $618.87 for 1998 taxes on parcel #517-930-000-00-013 in the name of Mary Faia due to incorrect assessment by the Pearl River County Tax Collector. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Privilege License Report for April, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER MEMORANDUM OF UNDERSTANDING WITH THE JUNIOR AUXILIARYOF PICAYUNE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the following Memorandum of Understanding with the Junior Auxiliary of Picayune related to the rental of a portion of the old National Guard Armory:

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CITY OF PICAYUNE AND THE JUNIOR AUXILIARY OF PICAYUNE

The City of Picayune and the Junior Auxiliary of Picayune agree to the following conditions pertaining to the use of a portion of the City-owned former Armory Building for their SON Room:

That portion of the City Owned Former Armory Building to be used for the SON Room is the detached room located behind the main building.

The CITY agrees to provide or permit the following on the premises of the former Armory Building:

1. Junior Auxiliary may place equipment within the Armory only for the purpose of storage of the donated articles of clothing and/or shoes, etc. Junior Auxiliary must receive written approval from the City Manager to place any items on site that are not related to the SON Room.
2. Junior Auxiliary shall use the armory only for activities related to the SON Room. Junior Auxiliary must receive written approval from the City Manager to organize activities other than the SON Room on this site.
3. The City will provide water, sewer, gas and electricity to the Armory building for use by the tenants.
4. The City shall be responsible for all repairs to the facility other than routine maintenance related to the organization's project.
5. The City will make regularly scheduled monthly inspections of the premises to insure safety and compliance with building codes and compliance with this agreement.
6. The City will have the authority to make unscheduled inspections of the premises.
7. The City will maintain the plumbing and electrical fixtures within the building.
8. The City will maintain the air conditioning and heating for the facility.
9. The City will maintain the roof, walls, foundations, windows, doors, heating and cooling equipment.

JUNIOR AUXILIARY OF PICAYUNE will:

1. Use the facility only for the SON Room project.
2. Maintain the building to standard building codes, informing the City of regular maintenance and a regular cleaning schedule, and will notify the City of any maintenance problems.

3. Keep the area used by the organization clean.
4. Provide keys to all locks within the building. Junior Auxiliary must have written permission from the City Manager to change locks located within the facility.
5. Provide proof of insurance for contents and liability within the building.
6. Provide proof of non-profit status.
7. Provide adequate supervision at all times when the facilities are in use.
8. When requested by the City, render to the City all accounting of all sums received and disbursed in connection with projects undertaken.
9. Not sublease any portion of the said premises.
10. Give services to the citizens of Picayune and Pearl River County relating to providing clothing, shoes, toiletries, etc. to needy individuals and families. These services shall constitute rental payments equal to the rental value of the rooms used by Junior Auxiliary.

Junior Auxiliary shall be solely responsible and answerable for damages, any and all accidents or injuries to persons (including death) and to property. Junior Auxiliary, as part of the consideration for leasing or otherwise using the former Armory Building, agrees to assume full responsibility and liability, and shall indemnify and hold harmless the City of Picayune against and from any and all claims, demands, actions, rights of action, liabilities, losses, judgements, costs, expenses, and attorney fees which shall or may arise by virtue of anything done or omitted to be done by Junior Auxiliary, including through or by its agents, employees, guests, invitees, or other representatives arising out of, claimed on account of, or any manner predicted upon the use of said facility. Junior Auxiliary further agrees to assume full responsibility and liability for, and to indemnify the City of Picayune against and from any and all risk of loss of theft, vandalism, destruction, or otherwise, of any and all items of personal property belonging to the organization, group of members thereof, or any third party which in and about said facility, regardless of whether or not said loss relates to, or arises out of, the use of said facility and, in addition, said organization or group agrees to indemnify and hold the City of Picayune, its agents and servants, and employees harmless from and against all claims and expenses for same, including attorney fees.

Junior Auxiliary hereby agrees to comply strictly with all ordinances of the City of Picayune, Mississippi and the laws of the State of Mississippi while performing under the terms of this contract. Junior Auxiliary agrees that upon violation of any covenants and agreements herein contained, on account of any act of omission of commission of Junior Auxiliary, the City may, at its option, terminate and/or cancel this contract.

Junior Auxiliary agrees to comply with the Title of the Civil Rights Act of 1964, assuring that no person will be excluded from participation in or be denied benefits of referral services under the terms of this contract or otherwise subjected to discrimination on the ground of race, sex, color, national origin or handicap.

Notwithstanding any of the other provisions contained in this contract, the City of Picayune shall maintain the right to terminate this contract upon proper notice which shall be in writing and shall be provided to Junior Auxiliary at least thirty (30) days prior to the intended date of cancellation.

This lease will be in effect from June 1, 2001 to May 31, 2002.

Signed and dated_____.

Junior Auxiliary of Picayune

_____
President

For the City of Picayune

_____
Woody Spiers, Mayor

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER MEMORANDUM OF UNDERSTANDING WITH THE CIVIC WOMAN'S CLUB OF PICAYUNE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the following Memorandum of Understanding with the Civic Woman's Club of Picayune related to the rental of a portion of the old National Guard Armory:

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CITY OF PICAYUNE AND CIVIC WOMAN'S CLUB OF PICAYUNE

The City of Picayune and Civic Woman's Club of Picayune agree to the following conditions pertaining to the use of a portion of the City-owned former Armory Building for Cinderella's Closet:

That portion of the City Owned Former Armory Building to be used for Cinderella's Closet is the room on the left when you enter the front of the building.

The CITY agrees to provide or permit the following on the premises of the former Armory Building:

1. Civic Woman's Club of Picayune may place equipment within the Armory only for the purpose of storage of the donated articles of clothing and/or shoes, etc. Civic Woman's Club of Picayune must receive written approval from the City Manager to place any items on site that are not related to Cinderella's Closet.
2. Civic Woman's Club of Picayune shall use the armory only for activities related to Cinderella's Closet. Civic Woman's Club of Picayune must receive written approval from the City Manager to organize activities other than Cinderella's Closet on this site.
3. The City will provide water, sewer, gas and electricity to the Armory building for use by the tenants.
4. The City shall be responsible for all repairs to the facility other than routine maintenance related to the organization's project.
5. The City will make regularly scheduled monthly inspections of the premises to insure safety and compliance with building codes and compliance with this agreement.
6. The City will have the authority to make unscheduled inspections of the premises.
7. The City will maintain the plumbing and electrical fixtures within the building.
8. The City will maintain the air conditioning and heating for the facility.
9. The City will maintain the roof, walls, foundations, windows, doors, heating and cooling equipment.

CIVIC WOMAN'S CLUB OF PICAYUNE will:

1. Use the facility only for the Cinderella's Closet project.
2. Maintain the building to standard building codes, informing the City of regular maintenance and a regular cleaning schedule, and will notify the City of any maintenance problems.
3. Keep the area used by the organization cleaned.
4. Provide keys to all locks within the building. Civic Woman's Club must have written permission from the City Manager to change locks located within the facility.
5. Provide proof of insurance for contents and liability within the building.
6. Provide proof of non-profit status.
7. Not have access to the main hall being used by Mr. Young for gymnastics activities, except for members and guests.
8. Provide adequate supervision at all times when the facilities are in use.
9. When requested by the City, render to the City all accounting of all sums received and disbursed in connection with projects undertaken.
10. Not sublease any portion of the said premises.
11. Give services to the citizens of Picayune and Pearl River County relating to providing clothing, shoes, toiletries, etc. to needy individuals and families. These services shall constitute rental payments equal to the rental value of the rooms used by Civic Woman's Club of Picayune.

Civic Woman's Club of Picayune shall be solely responsible and answerable for damages, any and all accidents or injuries to persons (including death) and to property. Civic Woman's Club of Picayune, as part of the consideration for leasing or otherwise using the former Armory Building, agrees to assume full responsibility and liability, and shall indemnify and hold harmless the City of Picayune against and from any and all claims, demands, actions, rights of action, liabilities, losses, judgements, costs, expenses,

and attorney fees which shall or may arise by virtue of anything done or omitted to be done by Civic Woman's Club of Picayune, including through or by its agents, employees, guests, invitees, or other representatives arising out of, claimed on account of, or any manner predicted upon the use of said facility. Civic Woman's Club of Picayune further agrees to assume full responsibility and liability for, and to indemnify the City of Picayune against and from any and all risk of loss of theft, vandalism, destruction, or otherwise, of any and all items of personal property belonging to the organization, group of members thereof, or any third party which in and about said facility, regardless of whether or not said loss relates to, or arises out of, the use of said facility and, in addition, said organization or group agrees to indemnify and hold the City of Picayune, its agents and servants, and employees harmless from and against all claims and expenses for same, including attorney fees.

Civic Woman's Club of Picayune hereby agrees to comply strictly with all ordinances of the City of Picayune, Mississippi and the laws of the State of Mississippi while performing under the terms of this contract. Civic Woman's Club of Picayune agrees that upon violation of any covenants and agreements herein contained, on account of any act of omission of commission of Civic Woman's Club of Picayune, the City may, at its option, terminate and/or cancel this contract.

Civic Woman's Club agrees to comply with the Title of the Civil Rights Act of 1964, assuring that no person will be excluded from participation in or be denied benefits of referral services under the terms of this contract or otherwise subjected to discrimination on the ground of race, sex, color, national origin or handicap.

Notwithstanding any of the other provisions contained in this contract, the City of Picayune shall maintain the right to terminate this contract upon proper notice which shall be in writing and shall be provided to Civic Woman's Club of Picayune at least thirty (30) days prior to the intended date of cancellation.

This lease will be in effect from June 1, 2001 to May 31, 2002.

Signed and dated_____.

Civic Woman's Club of Picayune	For the City of Picayune
_____	_____
President	Woody Spiers, Mayor

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

CONSIDER REQUEST TO SURPLUS PROPERTY

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to surplus property located at the south end of Joseph Street and in back of 621 Bales Avenue and to authorize the Purchasing Agent to advertise for bids on the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 100 AIRPORT ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of July 17, 2001 at 6:00 p.m. for a public hearing on property cleanup for property located at 100 Airport Road and owned by Ted Slack. The following roll cal vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 213 WEEMS STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of July 17, 2001 at 6:00 p.m. for a public hearing on property cleanup for property located at 213 Weems Street and owned by Ed Coleman. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 2809 HICKMAN AVENUE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of July 17, 2001 at 6:00 p.m. for a public hearing on property cleanup for property located at 2809 Hickman Avenue and owned by Charles Serpas. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN SAFE COMMUNITIES GRANT APPLICATION TO MISSISSIPPI DIVISION OF PUBLIC SAFETY

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the Safe Communities Grant Application to the Mississippi Division of Public Safety. The total grant request amount is $78,985.44 with the local share being $28,903.06 of which $24,000 is in-kind match and $4,903.06 is cash. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $52,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to approve the monthly claims docket for June, 2001 in the total amount of $507,342.37. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Bates and McQueen

The motion was declared carried.

At this time Councilmember McQueen entered the meeting.

CONSIDER CHANGE ORDER #1 ON FY 2001 STREET PAVING PROJECT WITH HUEY STOCKSTILL, INC.

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign Change Order #1 to the FY 2001 street paving contract with Huey Stockstill, Inc. The change is an increase of $ 4,285.00 and the revised contract amount is $374,091.20. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER CHANGE ORDER #2 FOR FY 2001 STREET PAVING PROJECT WITH HUEY STOCKSTILL, INC.

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign Change Order #2 to the FY 2001 street paving project with Huey Stockstill, Inc. The change is an increase of $680.00 and the revised contract amount if $374,771.20. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER BUDGET AMENDMENT #2 TO THE BUDGET FOR THE YEAR ENDING SEPTEMBER 30, 2001

Upon recommendation of the City Clerk, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve Amendment #2 to the following line items of the budget for the year ending September 30, 2001:

Item	Original	Amended
GENERAL FUND		
Police Department – Supplies	$ 139,450	$ 140,950
- Other Services	156,300	160,100
- Capital Outlay	126,592	121,292

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to accept the minutes of the Planning Commission dated April 19, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to acknowledge receipt of minutes of the Planning Commission dated May 17, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER REQUEST FOR REAR YARD VARIANCE SOUTH MAIN STREET

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve a 5' rear yard variance for Lot 5, Block 12, Bruce Street Urban Renewal, on South Main Street in order for Safe Haven Ministries to build a church and have adequate parking. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE FOR 1810 EVANGELINE DRIVE

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to grant the request for a home occupation license for Stacie C. Kramer, 1810 Evangeline Drive, to operate a marketing business. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER PLAT APPROVAL

Motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the West Side Redevelopment Plat. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDER REQUEST TO PLACE TWO BUILDINGS ON ONE LOT

Upon request of Steve McCaskell, motion was made by Councilmember Thorman, seconded by Councilmember Guy, to approve the placement of a new building on the lot which is currently occupied with another building. Mr. McCaskell will build a new printing shop at the corner of East Canal Street and North Green Avenue, C-2 zone. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO ADOPT RESOLUTION TO PROVIDE FIRE PROTECTION AT THE NEW AIRPORT

The Mayor and City Council, acting for and on behalf of the City of Picayune, Mississippi (the "City"), took up for consideration the matter of providing fire protection services to the City of Picayune Municipal Airport in connection with a lease agreement between the City and Magnolia Air I, LLC and a sublease agreement between Magnolia and Chevron USA, Inc. After discussion of the subject, Councilmember Guy offered and moved the adoption of the following resolution:

RESOLUTION APPROVING THE PROVIDING OF FIRE PROTECTION SERVICES IN ACCORDANCE WITH SECTION 61-5-5 OF THE MISSISSIPPI CODE OF 1972 AND TO BE THE FIRST RESPONSE ENTITY TO ANY CALL REQUIRINGFIRE PROTECTION AT THE CITY OF PICAYUNE MUNICIPAL AIRPORT

WHEREAS, the City is the owner of certain real property, which is part of the City of Picayune's Municipal Airport (the "Property");

WHEREAS, the Property lies outside of the City's city limits;

WHEREAS, Section 61-5-5 of the Mississippi Code of 1972 (the "Act") provides that municipality is authorized to protect airports within or without the territorial limits of such municipality;

WHEREAS, the City desires to affirmatively state that it will provide fire protection at and to the City of Picayune Municipal Airport (the "Airport"); and

WHEREAS, the Governing Body has determined that it is in the best interest of the City and finds it necessary to affirmatively state that the city will provide fire protection to the Airport.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:

SECTION 1. The Governing Body hereby states that it will provide fire protection services to the City of Picayune Municipal Airport and that it will be the first response entity to any and all calls requiring fire protection services.

SECTION 2. All orders, resolutions or proceedings of this Governing Body in conflict with the provisions of this resolution shall be and are hereby repealed, rescinded and set aside, but only to the extent of such conflict.

SECTION 3. For cause, this resolution shall become effective immediately upon the adoption thereof.

Councilmember Roberson seconded the motion to adopt the forgoing resolution, and the following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

ORDER TO ADOPT RESOLUTION OF INTENT TO NEGOTIATE A LAND LEASE AT THE PICAYUNE MUNICIPAL AIRPORT WITH GREATER PICAYUNE AREA, INC.

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson to adopt the following resolution of intent to negotiate a land lease at the Picayune Municipal Airport with Greater Picayune Area, Inc.:

RESOLUTION OF THE MAYOR AND CITY COUNCIL
OF THE CITY OF PICAYUNE

WHEREAS, the Mayor and City Council through present and past actions have encouraged growth at the new Picayune Municipal Airport; and

WHEREAS, directors of Greater Picayune Area, Inc. (GPA), a nonprofit Mississippi corporation, have promoted economic development in the Picayune area; and

WHEREAS, both the Council and GPA feel that the Picayune Municipal Airport is instrumental in the continued economic growth of the Picayune area; and

WHEREAS, both parties have indicated a desire to enter into ground lease agreement so that additional T-hangar units can be constructed by GPA and leased to individual aircraft owners.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Picayune that the City and Greater Picayune Area, Inc. (GPA) intend to enter into a ground lease agreement for property at the Picayune Municipal Airport as follows:

1. GPA will lease from the City approximately 21,500 square feet of ground space.
2. GPA will construct on the leased parcel T-hangar units of the same type and construction of the units owned by the City of Picayune and located at the Picayune Municipal Airport.
3. The lease price per square foot shall be $0.15 per year. Lease payments will be due monthly.
4. The lease term shall be 40 years or the maximum allowed by Mississippi law.
5. The lease shall contain a clause whereby the lease price per square foot may be adjusted by a known factor such as the U.S. Department of Commerce Consumer Price Index (CPI).
6. The leased parcel shall be located approximately 100 feet to the west of the T-hanger unit owned by the City of Picayune. The City will provide to GPA a legal description of the parcel.
7. The City will provide water and sewer utility service to the leased parcel within approximately nine (9) months.
8. GPA will lease its T-hangar units for approximately the same monthly rental as charged by the City for its T-hangar units.
9. The City and GPA will enter into a separate agreement for the City to provide management services to GPA for rental of the GPA T-hangar units and collection of the monthly rents.
10. The City will maintain all taxiways, roads and other airport infrastructure.

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to adopt the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councimembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

ORDER TO REQUEST FUNDS FROM PICAYUNE/PEARL RIVER COUNTY AIRPORT BOARD

Motion was made by Councilmember McQueen, seconded by Councilmember Roberson, to request that all remaining funds of the Picayune/Pearl River County Airport Board be distributed to the City of Picayune. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

The motion was declared carried.

CONSIDERATION TO RATIFY THE ACTION OF MARCH 16, 1999

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson to ratify the action of March 16, 1999 concerning the subdivision of lots 15-20, Block C, Thjgpen Second Addition on Adcox Road and to authorize the Mayor to sign a waiver for the City Attorney to present in Chancery Court in connection with Christopher C. Freeman and wife, Michell F. Freeman versus City of Picayune. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

ORDER TO RECESS

Motion was made by Councillmember Thorman, seconded by Councilmenber Roberson, to recess until June 19, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Thorman, Guy and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bates

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

June 19, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, June 19, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates, Mark Thorman, Leavern Guy and Kelly McQueen, City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Gerald Cruthird and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by City Attorney Gerald Cruthird, followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to approve the minutes of the City Council dated May 22, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO VOID TAX SALE

Upon request of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilman Thorman, to void the following tax sale because the parcel is 16th section property, and the owner has defaulted on the lease :

Parcel #	Assessed to	Year
617-516-001-01-024-00	Ettienne Mixon	1997

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 1006 BAYLOUS STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to set the date and time of July 17, 2001 at 6:00 p.m. in the Courtroom of the Criminal Justice Center for a

public hearing on property cleanup for property located at 1006 Baylous Street and owned by Charlene Christmas. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 317 WEEMS STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to set the date and time of July 17, 2001 at 6:00 p.m. in the Courtroom of the Criminal Justice Center for a public hearing on property cleanup for property located at 317 Weems Street and owned by Antoinette Gillis. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to authorize the issuance of the following manual checks:

Myrtle R. Frierson	General Fund	$ 95.00
Ola Rae Moree	General Fund	95.00
Frieda M. Brock	General Fund	75.00
Mary S. McRee	General Fund	75.00
Alva Nell McQueen	General Fund	85.00
Georgia N. Wilke	General Fund	75.00
Mattie Claire Mitchell	General Fund	75.00
Jean S. Billingsley	General Fund	95.00
Mable Smith	General Fund	95.00
Helen J. McCraney	General Fund	85.00
Myrtle T. Porter	General Fund	75.00
Lura S. Parker	General Fund	75.00
Christine F. Doby	General Fund	95.00
Lex Doby	General Fund	85.00
Jean Overton	General Fund	75.00
Mattie W. Beck	General Fund	75.00
Edward Jeffries	General Fund	95.00
Vivian Washington	General Fund	75.00
Johnnie Mae Bender	General Fund	75.00
Robert McNatt	General Fund	85.00
Entex	Utility Fund	23,529.00
Gulf South	Utility Fund	9,119.72
Utility Management Corp.	Utility Fund	634.44

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF THE MOTOR VEHICLE ASSESSMENT SCHEDULE FOR 2001-2002

Upon request of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to acknowledge receipt of the Motor Vehicle Assessment Schedule for 2001-2002 prepared by the Mississippi State Tax Commission and acknowledge that the Schedule is open for inspection and examination by any interested taxpayers. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to acknowledge receipt of the monthly Privilege License Report for May 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORTS

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to acknowledge receipt of the monthly budget reports for May 2001. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENTS TO PRIDE STEERING COMMITTEE

Motion was made by Councilmember Guy, seconded by Councilmember Thorman, to table appointments to PRIDE Steering Committee. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None
The motion was declared carried.

RECESSED MEETING DATED JUNE 19, 2001

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to approve the closure of Goodyear Boulevard from Quince Street to Oak Street on Saturday, July 14, 2001 from 11:00 a.m. to 5:00 p.m. for a soap box derby to benefit the annual American Cancer Society Relay for Life. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER ACCEPTANCE OF THE GARDEN DISTRICT SUBDIVISION

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to accept the Garden District Subdivision as complete. The following roll call vote was taken:

VOTING YEA: Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

ABSTAINING: Mayor Spiers

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1105 ROSA STREET

A public hearing on the condition of the property located at 1105 Rosa Street and owned by Ms. Alice Wilkes and American Finance was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Bates to authorize the City to have the property cleaned the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING CONCERNING RAIL SPUR FOR NEW INDUSTRY TO LOCATE AT INDUSTRIAL PARK

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to set the date and time of July 10, 2001 at 6:00 p.m. in the Courtroom of the Criminal Justice Center for a public hearing concerning a new rail spur for a new industry to be located at the Industrial Park on Martin Luther King, Jr. Boulevard. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

CONSIDER AUTHORIZING THE ISSUANCE OF REVENUE BONDS BY THE MUNICIPAL GAS AUTHORITY OF MISSISSIPPI (MGAM)

The Mayor and City Council of the City of Picayune, Mississippi, took up for consideration the matter of authorizing the issuance of revenue bonds and/or notes of the Municipal Gas Authority of Mississippi ("MGAM"), for the purpose of financing a supply of natural gas, injecting natural gas into storage, and selling this natural gas to Mississippi municipalities in order to meet the needs of the members of MGAM and other Mississippi municipalities. After a discussion of the subject, Councilmember Guy offered and moved for the adoption of the following resolution:

RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND/OR NOTES OF THE MUNICIPAL GAS AUTHORITY OF MISSISSIPPI ("MGAM"), FOR THE PURPOSE OF FINANCING A SUPPLY OF NATURAL GAS INJECTING NATURAL GAS INTO STORAGE, AND SELLING THIS NATURAL GAS TO MISSISSIPPI MUNICIPALITIES IN ORDER TO MEET THE NEEDS OF THE MEMBERS OF MGAM AND OTHER MISSISSIPPI MUNICIPALITIES

WHEREAS, the Municipal Gas Authority of Mississippi, a local distribution company of the State of Mississippi , organized and existing under the laws of the State of Mississippi, ("MGAM") is created to maximize the benefits of public ownership of gas systems in the State of Mississippi by providing reliable and cost-effective gas supply and management services pursuant to Sections 77-6-1, *et seq.*, of the Mississippi Code of 1972, as amended (the "Act");

WHEREAS, MGAM has determined that it is necessary and in the public interest to issue revenue bonds and/or notes of MGAM to raise money for the purpose of financing a supply of natural gas, injecting natural gas into storage, and selling this natural gas to Mississippi municipalities in order to meet the needs of the members of MGAM and other Mississippi municipalities (the "Project").

WHEREAS, the City of Picayune, Mississippi (the "City") is a municipality under the Act;

WHEREAS, the City is currently a member of MGAM, pursuant to the Act;

WHEREAS, pursuant to the Act, MGAM is required to obtain approval of its members prior to undertaking the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PICAYUNE, MISSISSIPPI:

SECTION 1. That the City Council (the "Governing Body") of the City, having made due investigation, find, determine and adjudicate that it is in the public interest that the City authorize the issuance of the proposed revenue bonds and/or notes of MGAM.

SECTION 2. That the Governing Body hereby approves the undertaking of the Project by MGAM and approves the issuance of the revenue bonds/or notes of MGAM in multiple borrowings; provided, however, that the outstanding amount of the revenue bonds and/or notes for the Project shall not exceed $8,000,000 at any given time and all such revenue bonds and/or notes shall mature within 24 months from the date of the issuance thereof.

SECTION 3. That the Governing Body hereby declares its approval of the issuance of revenue bonds and/or notes of MGAM to provide funds for the Project and to pay the costs of issuance in connection with the revenue bonds and/or notes.

SECTION 4. All orders, resolutions or proceedings of the Governing Body in conflict with the provisions of this resolution shall be and are hereby repealed, rescinded and set aside, only to the extent of such conflict.

SECTION 5. For cause, this resolution will become effective immediately upon the adoption thereof.

Following the reading of the foregoing resolution, Councilmember Roberson seconded the motion for its adoption. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss two matters of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss two matters of potential litigation.

RETURN TO REGULAR SESSION

At the conclusion of the executive session, upon motion of Councilmember Roberson, seconded by Councilmember Bates, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed two matters of potential litigation and took no action.

ORDER TO AUTHORIZE MAYOR TO SIGN ESTOPPEL CERTIFICATE AND LANDLAND CONSENT FOR BWAY MANUFACTURING, INC.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge that the Council has no objection to the Deed of Trust that BWay Manufacturing, Inc. will sign with Bankers Trust Company and to authorize the Mayor to sign the following "Estoppel Certificate and Landlord Consent" with Bway:

RECESSED MEETING DATED JUNE 19, 2001

Picayune, Mississippi Ground Lease

ESTOPPEL CERTIFICATE AND LANDLORD CONSENT

THIS ESTOPPEL CERTIFICATE AND LANDLORD CONSENT (**"Agreement"**) is made and entered as of June 19, 2001 by City of Picayune, Mississippi (collectively with its successors and/or assigns **"Lessor" or "Landlord"**), whose address for notice purposes is 203 Goodyear Boulevard, Picayune, Mississippi, 39466 and BWay Manufacturing, Inc., a Delaware corporation and successor in interest to Standard Container Corporation, a Georgia corporation under the Lease identified below (**"Lessee"**) whose address is 8607 Roberts Drive, Suite 250, Atlanta, Fulton County, Georgia, 30350, and is in favor of Bankers Trust Company, a New York corporation, in its individual capacity and as agent, for other lenders, and its successors and/or assigns (collectively, **"Lender" or Leasehold Mortgagee"**), whose address for notice purposes is 233 South Wacker Drive, Chicago, Illinois 60606.

WITNESSETH:

WHEREAS, Lessor and Lessee are the parties to that certain Contract and Lease of real property commonly known as 1301 Martin Luther King Boulevard, Picayune, Mississippi 39466 dated as of September 3, 1968 (**"Lease"**) relating to certain real property (legally described in Exhibit A hereto) and improvements thereto (collectively, **"Premises"**); and

WHEREAS, Lessee has made application to Lender for a loan in the original *principal amount of $90,000,000.00 to be secured by, inter alia, a first* mortgage(**"Leasehold Mortgage"**) on Tenant's interest in such Lease (**"Leasehold Estate"** or **"Mortgaged Property"**); and

WHEREAS, as a condition for making such loan, Lender requires this Agreement from Landlord and Lessee.

NOW, THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Lessee hereby agree and certify to Lender as follows:

1. The Lease is in full force and effect and to the best of the knowledge of Lessor and Lessee no events of default have occurred and no conditions exist that, but for the passage of time or the giving of notice or both, would result in an event to default or cause for termination under the terms of the Lease. A true correct and complete copy of the Lease which has not been otherwise modified, supplemented or amended is attached as Exhibit B hereto.

2. The Lease permits the current use of the Mortgaged Property and Lessor recognizes Lessee as the successor in interest to all rights and obligations of the original tenant under the Lease. Lessee is in possession of the Premises and the holder of the Leasehold Estate.

3. Landlord hereby recognizes Lender as "Leasehold Mortgagee" under the Lease upon recordation of the Leasehold Mortgage by Lender and consents to the Leasehold Mortgage and such other collateral assignments, encumbrances and/or other security interests in the Mortgaged Property, Lessee's fixtures, equipment, inventory and other property, and such filings and recordings with respect thereto as Lender may require for collateral and security purposes. Lender may, at no expense to Landlord and in accordance with its agreement with Lessee, enter onto the Premises at any time or times and take possession of, sever, or remove the Lessee's property or any part thereof and such property upon severance and/or removal may be sold, transferred or otherwise disposed of free and discharged of all liens, claims, demands, rights or interests of Lessor. In such event, Lender agrees to repair any damage to the Premises. Notwithstanding the foregoing, (i) Lender shall not be deemed to have assumed any other obligations or liabilities of Lessee under the Lease by so electing to occupy the Premises and (ii) Lender shall not have any duty or obligation to remove or dispose of all or any part of the Lessee's property left on the Premises by Lessee.

4. There has been no material change in the payment or other terms of the Lease subsequent to the date of the Lease, except as follows: None

5. The current monthly rent payment under the Lease is $3,750.00. Rent has been paid through December, 2000. No advance rents have been prepaid except for the current month.

6. The original term of the Lease as stated therein was through September 3, 1998, and including exercise of all annual renewal options thereunder, the Lease is due to expire on September 3, 2047.

7. If Lessee mortgages this Lease to Lender, then notwithstanding any provisions of the Lease to the contrary, so long as any such Leasehold Mortgage shall remain unsatisfied of record or the Lender retains an economic interest in the Lease or the Premises derived from its security interest under the Leasehold Mortgage, this Agreement

and, in particular, the following provisions of this Agreement shall apply and control over the Lease for the benefit of Lender.

(a) No cancellation, no renewal, surrender or modification of the Lease shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee; provided that such consent shall not be required in the event of a termination of the Lease in accordance with the terms of this Agreement.

(b) Lessor, upon providing Lessee any notice of: (i) default under the Lease, (ii) a termination of the Lease, or (iii) a matter on which Lessor may predicate or claim a default, shall at the time provide a copy to Leasehold Mortgagee. No such notice by Lessor or Lessee shall be deemed to have been duly given unless and until a copy has been provided to Leasehold Mortgagee. From and after the date such notice has been given to Leasehold Mortgagee, Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given Lessee after the giving of such notice to Lessee, plus in each instance the additional periods of time specified in subsections (c) and (d) of this Section, to remedy, commence remedying, or cause to be remedied, the defaults or acts or omissions which are specified in such notice. Lessor shall accept such performance by or at the instigation of Leasehold Mortgagee as if the same had been done by Lessee. Lessee authorizes Leasehold Mortgagee to take any such action at Leasehold Mortgagee's option and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose.

(c) If any default shall occur which entitles Lessor to terminate the Lease, Lessor shall have no right to terminate the Lease unless, following the expiration of the period of time given Lessee to cure such default or the act or omission which gave rise to such default, Lessor shall notify Leasehold Mortgagee (a "Termination Notice") of Lessor's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least ninety (90) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money (the "Termination Notice Period"). The provisions of subpart (d) below shall apply if, during such 30-or 90- day Termination Notice Period, Leasehold Mortgagee shall:

(i) Notify Lessor of Leasehold Mortgagee's desire to nullify such notice;

(ii) Pay or cause to be paid all Rent and other payments then due and in arrears and which may become due during the Termination Notice Period as specified in the Termination Notice to Leasehold Mortgagee (collectively "Rent");

(iii) Comply or in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of the Lease then in default and reasonably susceptible of being complied with by Leasehold Mortgagee; provided, however, that Leasehold Mortgagee shall not be required during such Termination Notice Period to *cure or commence to cure any default consisting of* Lessee's failure to satisfy and discharge any lien, charge or encumbrance against the Lessee's interest in this Lease or the Premises that is junior in priority to the lien of the mortgage held by Leasehold Mortgagee; and

(iv) Any notice to be given by Lessor to a Leasehold Mortgagee pursuant to any provisions of this Agreement shall be deemed properly addressed if sent to the Leasehold Mortgagee at the address stated herein unless notice of a change of Leasehold Mortgagee ownership or address has been given to Lessor in writing.

(d)

(i) If Lessor shall elect to terminate the Lease by reason of any default of Lessee, and Leasehold Mortgagee shall have proceeded in the manner provided for in subsection (c) above, the specified date for the termination of the Lease as fixed by Lessor in its Termination Notice shall be extended for a period of six (6) months, provided that Leasehold Mortgagee shall, during such six (6) month period:

(A) pay or cause to be paid the Rent, and other monetary obligations of Lessee under the Lease as the same become due, and continue its good faith efforts to perform all of Lessee's other obligations under the Lease, including during any period during which the Leasehold Mortgagee is in possession of the Premises any Lessee obligation to maintain the Improvements and the Premises, but excepting (1) obligations of Lessee to satisfy or otherwise discharge any lien, charge or encumbrance against Lessee's interest in the Lease or the Leasehold Estate junior in priority to the lien of

the Leasehold Mortgagee held by Leasehold Mortgagee, (2) past monetary obligations then in default and not reasonably susceptible of being cured by Leasehold Mortgagee, and (3) operation of the Premises; and

(B) If not enjoined or stayed, take steps to acquire or sell Lessee's interest in the Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same with due diligence.

(ii) If at the end of such six (6) month period Leasehold Mortgagee is complying with subsection (d)(i) above, the Lease shall not then terminate, and the time for completion by Leasehold Mortgagee of its proceedings shall continue so long as Leasehold Mortgagee is enjoined or stayed and thereafter for so long as Leasehold Mortgagee proceeds to complete steps to acquire or sell Lessee's interest in the Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence. Nothing in this subsection (d), however, shall be construed to extend the Lease beyond the original term thereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, the Lease shall continue in full force and effect as if Lessee had not defaulted under the Lease.

(iii) If a Leasehold Mortgagee is complying with this subsection (d), upon the acquisition of Lessee's interest in the Leasehold Estate by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge of any lien, charge or encumbrance against Lessee's interest in the Lease or the Premises which is junior in priority to the lien of the Leasehold Mortgage held by Leasehold Mortgagee and which Lessee is obligated to satisfy and discharge by reason of the terms of the Lease, the Lease shall continue in full force and effect and subject to the terms of this Agreement as if Lessee had not default under this Lease.

(iv) For the purposes of the Lease and this Agreement the making of a Leasehold Mortgage and related encumbrance of the Lease and/or Mortgaged Property by Lessee in favor of Leasehold Mortgagee shall not be deemed to constitute a default whether as an assignment, encumbrance or transfer of the Lease or the Leasehold Estate or otherwise, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of the Lease or of the Leasehold Estate so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Lessee to be performed thereunder, but the purchaser at any sale of the Lease and of the Leasehold Estate in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of the Lease and the Leasehold Estate under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, shall be deemed to be an assignee or transferee and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed under the Lease and under this Agreement from and after the date of such purchase and assignment. If the Leasehold Mortgagee shall become holder of the Leasehold Estate and if the Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or such designee shall be obligated to repair, replace or reconstruct the improvements only to the extent of the net insurance proceeds received by the Leasehold Mortgagee or such designee by reason of such damage. However, should such net insurance proceeds be insufficient to repair, replace or reconstruct the improvements to the extent required by the Lease and should the Leasehold Mortgagee or such designee choose not to fully reconstruct the improvements to the extent required by the Lease, such failure shall entitle Lessor to terminate the Lease, and the net insurance proceeds shall be distributed to the parties in accordance with the terms of the Lease.

(v) Any Leasehold Mortgagee or other acquirer of the Leasehold Estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring Lessee's Leasehold Estate, without further consent of Lessor, sell and assign the Leasehold Estate on such terms and to such persons and organizations as are acceptable to such Leasehold Mortgagee or acquirer and thereafter be relieved of all obligations under the Lease; provided that the assignor shall have complied with all the requirements described in subsection (d)(i)(A) above; and further provided such assignee has delivered to Lessor its written agreement to be bound by the Lease, as subjected to the terms of this Agreement, including any and all

restrictions on further assignments, alienation, subletting, and further transfers of its interests hereunder.

(vi) Notwithstanding any provisions of the Lease to the contrary, any sale of the Lease and Leasehold Estate in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of the Lease and Leasehold Estate in lieu of the foreclosure of any Leasehold Mortgage, effectuated in accordance with this Agreement shall be deemed to be a permitted sale, transfer or assignment of the Lease and Leasehold Estate.

(e) In the event of the termination of the Lease as a result of Lessee's default, Lessor shall, in addition to providing the notices of default and termination as required by this Agreement, provide Leasehold Mortgagee with written notice that the Lease has been terminated ("Final Termination Notice"), together with a statement of all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, then known to Lessor. Lessor agrees to enter into a new lease ("New Lease") of the Premises with such Leasehold Mortgagee or its designee for the remainder of the term of this Lease, effective as of the date of termination, at the same Rent and upon the terms, covenants and conditions of this Lease; provided:

(i) Such Leasehold Mortgagee shall make written request upon Lessor for such New Lease within thirty (30) days after the date such Leasehold Mortgagee receives Lessor's Final Termination Notice if any default specified in such notice can be cured by the payment of money (including any failure to pay any amounts due under any fee mortgage encumbering the Premises), or within sixty (60) days after the date such Leasehold Mortgagee receives Lessor's Final Termination Notice if no such default is capable of being cured by the payment of money.

(ii) Such Leasehold Mortgagee shall pay or cause to be paid to Lessor at the time of the execution and delivery of such New Lease, any and all sums which would at the time of execution and delivery thereof be due pursuant to the Lease (including interest as required under the terms of the Lease) but for such termination, and, in addition thereto, all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by Lessor from Lessee or other parties in interest under Lessee.

(iii) Such Leasehold Mortgagee or such designee shall agree to remedy any of Lessee's defaults of which said Leasehold Mortgagee was notified by Lessor's Final Termination Notice and which are reasonably capable of being so cured by Leasehold Mortgagee or such designee.

(iv) Any New Lease made pursuant to this Section shall have the same priority with respect to any mortgage or other lien, charge or encumbrance on the fee of the Premises as the Lease, and the lessee under such New Lease shall have the same right, title and interest in and to the Premises and the Buildings and improvements thereon as Lessee had under the Lease (as subjected to the terms of this Agreement) as of the date of the New Lease.

(f) If more than one Leasehold Mortgagee shall request a New lease pursuant to this Agreement, Lessor shall enter into such New Lease with the Leasehold Mortgagee whose Leasehold Mortgage is prior in lien. Lessor, without liability to Lessee or any Leasehold Mortgagee with an adverse claim, may rely upon a mortgagee title insurance policy issued by a responsible title insurance company doing business within the county in which the Premises are located as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such New Lease and the Leasehold Mortgagee which executes the New Lease shall indemnify, defend and hold Lessor harmless from and against any claims by Lessee or other Leasehold Mortgagees with respect to such determination.

(g) Nothing herein contained shall require any Leasehold *Mortgagee as a condition to its exercise of rights hereunder to cure any default* of Lessee which by its terms is not reasonably susceptible of being cured by such Leasehold Mortgagee or such designee in order to comply with the provisions of subsection 7(c) and (d) or as a condition of entering into the New Lease provided for by subsection 7(e). The financial condition of any Leasehold Mortgagee or successor to Lessee's interest under this Lease or a New Lease shall not be consideration in the determination of the reasonable susceptibility of cure of a default. No default or Event of Default, the cure of which, and no obligation of Lessee, the performance of which, requires possession of the Premises shall be deemed reasonably susceptible of cure of performance by any Leasehold Mortgagee or successor to Lessee's interest under this Lease or a New Lease not in possession of the Premises, provided such holder is otherwise complying with the requirements described in subsection 7(d)(i) above, nor shall

any Leasehold Mortgagee be required to cure the bankruptcy, insolvency or any related or similar condition of Lessee.

(h) Lessee's share, as provided by the Lease, of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of the Lease, be disposed of as provided for by any Leasehold Mortgage.

(i) A Standard Mortgagee Clause naming Leasehold Mortgagee may be added to any and all insurance policies required to be carried by Lessee hereunder on condition that the insurance proceeds are to be applied in the manner specified in the Lease as subjected to the terms of this Agreement and the Leasehold Mortgage shall so provide; except that the Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to the Lessee (but not such proceeds, if any, which are supposed to be payable jointly to the Lessor and the Lessee or to the Insurance Trustee) pursuant to the provisions of this Lease as subjected to the terms of this Agreement.

(j) Lessor shall give each Leasehold Mortgagee of which Lessor has notice prompt notice of any arbitration or legal proceedings between Lessor and Lessee involving obligations under the Lease and/or this Agreement. Each such Leasehold Mortgagee shall have the right to intervene, within sixty (60) days after receipt of such notice of arbitration or legal proceedings, in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. No Leasehold Mortgagee which intervenes in any such proceedings shall be entitled to receive an award on attorneys' fees from Lessor. Any intervening Leasehold Mortgagee shall be bound by the outcome of such proceedings. In the event that any Leasehold Mortgagee shall not, elect to intervene or become a party to any such proceedings, Lessor shall give the Leasehold Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Leasehold Mortgagees not intervening after receipt of notice of such proceedings.

(k) So long as any Leasehold Mortgage is in existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing or Lessor shall have terminated this Lease in accordance with the terms hereof, the fee title to the Premises and the Leasehold Estate of Lessee therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and/or Leasehold Estate by Lessor, Lessee, a third party, a purchaser or otherwise.

(l) Notices from Lessor to the Leasehold Mortgagee or from Leasehold Mortgagee to Lessor shall be mailed, properly addressed with proper first class postage prepaid via certified mail, return receipt requested, or sent by recognized national overnight delivery service to the address(es) designated and in the manner provided pursuant to this Agreement.

(m) No payment made to Lessor by a Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease; and any Leasehold Mortgagee having made any payment to Lessor pursuant to Lessor's wrongful, improper or mistaken notice or demand shall be entitled to the term of any such payment or portion thereof provided written demand therefor shall have been delivered not later than one (1) year after the date of such payment.

(n) In the event of any proceedings by either Lessor or Lessee under the United States Bankruptcy Code (Title !! U.S.C.) as now or hereafter in effect:

(i) If the Lease is rejected in connection with a bankruptcy proceeding by Lessee or a trustee in bankruptcy for Lessee, such rejection shall be deemed an assignment by Lessee to the Leasehold Mortgagee (or if there is more than one Leasehold Mortgagee, to the one highest in priority) of the Leasehold Estate and all of Lessee's interest under the Lease and this Agreement, in the nature of an assignment in lieu of foreclosure, and the Lease and this Agreement shall not terminate and the Leasehold Mortgagee shall have all the rights of the Leasehold Mortgagee under the Lease and this Agreement as if such bankruptcy proceeding had not occurred, unless such Leasehold Mortgagee shall reject such deemed assignment by notice in writing to Lessor within thirty (30) days following rejection of the Lease and/or this Agreement by Lessee or Lessee's trustee in bankruptcy. If any court of competent jurisdiction shall determine that the Lease and/or this Agreement shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Lessee or the trustee in connection with any such proceeding, the rights of any Leasehold Mortgagee to a New Lease from Lessor pursuant to the terms of this Agreement shall not be affected thereby.

(ii) If this Lease is rejected by Lessor or by Lessor's trustee in bankruptcy:

(A) Lessee shall not have the right to treat this Lease as terminated except with the prior written consent of all Leasehold Mortgagee; and the right to treat this Lease as terminated in such event shall be deemed assigned to each and

every Leasehold Mortgagee, whether or not specifically set forth in any such Leasehold Mortgage, so that the concurrence in writing of Lessee and each Leasehold Mortgagee shall be required as a condition to treating this Lease as terminated in connection with such proceeding.

(B) If in a bankruptcy proceeding the Lease and/or this Agreement are not treated as terminated or rejected, then this Lease shall continue in effect upon all the terms and conditions set forth herein, including Rent, but excluding requirements that are not then applicable or pertinent to the remainder of the term hereof. Thereafter, Lessee or its successors shall be entitled to any offsets against rent payable hereunder for any damages arising from such rejection and any such offset properly made shall not be deemed a default under this Lease. The lien of any Leasehold Mortgage then in effect shall extend to the continuing possessory rights of Lessee following such rejection with the same priority with respect to each such Leasehold Mortgage as it would have enjoyed had such rejection not taken place.

(o) The rights of a Leasehold Mortgagee hereunder shall not diminish any right or claim of Lessor against Lessee.

8. Notwithstanding any provision of the Lease to the contrary, if any Leasehold Mortgagee or other successor in interest shall acquire title to Lessee's interest in this Lease by foreclosure or other sale pursuant to a Leasehold Mortgage thereon or by assignment in lieu of foreclosure or by an assignment from a designee or wholly owned subsidiary corporation of such Leasehold Mortgagee, or under a New lease pursuant to this Agreement, such Leasehold Mortgagee may assign such lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in such lease contained on the Lessee's part to be performed and observed from and after the date of such assignment ; provided that the assignee of such Leasehold Mortgagee shall have assumed such lease in accordance with its terms; and, further provided that:

(a) As a condition to such release, such assignor, at the time of such assignment, shall have complied with all the requirements described in Section 7.(d)(i) above; and

(b) Such release shall not include any claims or obligations which arose during the period of possession by such assignor.

9. Nothing contained herein shall impair the right of Landlord to convey, mortgage, sell, assign or otherwise encumber its fee simple interest in the Premises or the Lease, provided that each such conveyance, sale, mortgage, assignment or encumbrance shall be subject to the Lease, this Agreement, Lessee's rights, Leasehold Mortgagee's rights hereunder, any modifications of or amendments to the Lease, this Agreement, and any New Lease.

10. In the event of any inconsistency between any provisions of this Agreement and any subsequently signed written agreement among Landlord, Lessee and Leasehold Mortgagee, the provisions of such subsequent agreement shall control.

IN WITNESS WHEREOF, the undersigned have caused this Certificate to be duly executed as of the day and year first above written.

LANDLORD

Attest:

CITY OF PICAYUNE, MISSISSIPPI

_____
City Clerk

By:_____
Name:_____
Title:_____

LESSEE:

Attest:

BWAY MANUFACTURING, INC.
a Delaware Corporation

_____
Secretary

By:_____
Name:_____
Title:_____

RECESSED MEETING DATED JUNE 19, 2001

EXHIBIT A

LEGAL DESCRIPTION

(ATTACHED TO ORIGINAL DOCUMENT)

EXHIBIT B

LEASE

(ATTACHED TO ORIGINAL DOCUMENT)

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to recess until Friday, June 29, 2001 at 4:00 p.m.. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates, Thorman, Guy and McQueen

VOTING NAY: None

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

June 24, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in a special called meeting at the Criminal Justice Center in said City, Sunday, June 24, 2001, at 5:00 p.m. with the following officials present: Mayor Pro Tempore Leavern Guy, Councilmembers Lucian Roberson, Mark Thorman, and Kelly McQueen, City Manager Sabrina Diamond, and City Attorney Gerald Cruthird.

The call for this special meeting was as follows:

CALL FOR SPECIAL MEETING OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PICAYUNE

Notice is hereby given that a Special Meeting of the Mayor and City Council of the City of Picayune, Mississippi, is hereby called and will be held at the Criminal Justice Center, 328 South Main Street, at 5:00 p.m. on Sunday the 24th day of June, 2001. The purpose of the meeting is to discuss a strategy session regarding pending litigation.

June 22, 2001
Date

/s/ Sabrina Diamond
Sabrina Diamond, City Manager

A POLICE OFFICER OF THE CITY OF PICAYUNE, MISSISSIPPI WILL EXECUTE AND RETURN THE ABOVE NOTICE

We, the undersigned Mayor and Councilmembers of the City of Picayune, Mississippi, hereby acknowledge service of the above call upon us personally.

/s/ Woody Spiers
Woody Spiers, Mayor

/s/ Lucian Roberson
Lucian Roberson

/s/ Jonas Bates
Jonas Bates

/s/ Mark Thorman
Mark Thorman

/s/ Leavern Guy
Leavern Guy

/s/ Kelly McQueen
Kelly McQueen

I have personally served notice upon the person of each of the above-signed Councilmembers.

June 22, 2001
Date

/s/ Lawrence Krantz
Picayune Police Officer

It Being Determined a quorum was present at the special meeting, the following proceedings were held.

SPECIAL MEETING DATED JUNE 24, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Thorman, seconded by Councilmember Roberson, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Pro Tempore Guy, Councilmembers Roberson, Thorman, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Spiers and Councilmember Bates

The motion was declared carried.

Motion was made by Concilmember Roberson, seconded by Councilmember Thorman, to enter executive session to discuss a matter of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Pro Tempore Guy, Councilmembers Roberson, Thorman, and McQueen

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Spiers and Councilmember Bates

The motion was declared carried.

At this time Mayor Spiers entered the meeting.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of potential litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Guy, seconded by Councilmember Thorman, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of potential litigation and took no action.

ADJOURN

There being no further business to consider, the Council adjourned the special meeting.

Woody Spiers

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

June 29, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Friday, June 29, 2001, at 4:00 p.m. with the following officials present: Mayor Woody Spiers, Councilmembers Lucian Roberson, Jonas Bates and Leavern Guy, City Manager Sabrina Diamond and City Attorney Gerald Cruthird.

It Being Determined a quorum was present, the following proceedings were held.

CONSIDER CHANGE ORDER #3 TO PAVING CONTRACT

Upon request of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize change order #3 to paving contract with Huey Stockstill, Inc. in the amount of $ 49,847.62 making new contract total $423,938.82. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

ORDER TO ISSUE MANUAL CHECK

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the issuance of the following manual check:

Gerald Cruthird	General Fund	$ 2,630.50

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

ORDER TO APPROVE BUDGET AMENDMENT #3 TO THE BUDGET FOR THE YEAR ENDING SEPTEMBER 30, 2001

Upon recommendation of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Guy to approve Amendment #3 to the following line items of the budget for the year ending September 30, 2001:

	Original	Amendment #3
GENERAL FUND		
License & Permits	$ 400,000	$ 385,000

RECESSED MEETING DATED JUNE 29, 2001

Intergovernmental Revenue	$ 3,256,194	$ 3,352,859
Fines & Forfeits	$ 395,000	$ 350,000
Non-Revenue Receipts	-0-	$ 52,545
Ad Valorem Tax	$ 1,350,000	$ 1,360,000
General Government		
Other Services & Charges	$ 425,741	$ 460,841
Capital Outlay	$ 89,100	$ 80,100
Public Safety – Police		
Personnel	$ 1,379,057	$ 1,389,057
Supplies	$ 140,950	$ 145,950
Other Services & Charges	$ 160,100	$ 161,100
Capital Outlay	$ 121,292	$ 131,792
Public Safety – Fire		
Capital Outlay	$ 44,500	$ 40,500
Public Works		
Supplies	$ 278,900	$ 257,900
Other Services & Charges	$ 606,000	$ 657,000
Capital Outlay	$ 1,258,677	$ 1,132,177
Aid to other governments	$ 26,250	$ 31,250
Transfers	$ 472,000	$ 496,000
SPECIAL POLICE DRUG FUND		
Forfeitures & Seizures	$ 2,500	$ 25,000
Other	$ 2,000	$ 3,000
LAW ENFORCEMENT BLOCK GRANT #3		
Capital Outlay	$ 30,402	$ 30,432
UDAG MAJESTIC INN FUND		
Interest Income	$ 12,200	$ 18,200
Transfers to other funds	-0-	$ 310,000
ECONOMIC DEVELOPMENT FUND		
Interest Income	-0-	$ 8,000
Capital Outlay – Buildings	$ 300,000	$ 350,000
AIRPORT FUND		
Federal Grants	-0-	$ 1,706,740
State Grants	-0-	$ 151,181
Revenues	$ 44,000	$ 24,500
Loan Proceeds	-0-	$ 765,000
Transfers In	$ 121,000	$ 470,622
Other Services & Charges	$ 25,000	$ 42,500
Capital Outlay	-0-	$ 2,931,000
UTILITY FUND		
Charges for utility services	$ 2,800,000	$ 4,065,000
Personnel	$ 883,037	$ 888,037
Supplies	$ 1,089,270	$ 2,679,270
Other Services	$ 340,430	$ 353,430

Capital Outlay	$ 438,000	$ 447,000

CEMETERY FUND

Sale of Lots	$ 25,000	$ 28,000
Interest Income	$ 10,000	$ 15,000
Supplies	$ 8,350	$ 8,850
Other Services & Charges	$ 2,300	$ 6,300

The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Attorney, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter executive session to discuss a matter of pending litigation. The following roll call vote was taken:

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen
The motion was declared carried.

The Mayor opened the meeting to publicly announce that the Council would enter executive session to discuss a matter of pending litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of pending litigation and took no action.

ORDER TO ADJOURN

Motion was made by Councilmember Roberson, seconded by Councilmember Bates, to adjourn. The following roll call vote was taken:

RECESSED MEETING DATED JUNE 29, 2001

VOTING YEA: Mayor Spiers, Councilmembers Roberson, Bates and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Thorman and McQueen

The motion was declared carried.

Woody Spiers, Mayor

ATTEST:

Sabrina Diamond, City Clerk

OATH OF OFFICE OF MUNICIPAL OFFICERS

July 2, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

SWEARING IN CEREMONIES WERE HELD ON THIS DAY FOR THE TERM BEGINNING ON THE FIRST MONDAY IN JULY, 2001 AND ENDING THE FIRST MONDAY IN JULY 2005

GENTLEMEN:

I, Greg Mitchell, do solemnly swear, or affirm, that I will faithfully support the Constitution of the United States of America, and the Constitution of the State of Mississippi, and obey the laws thereof; that I am not disqualified from holding the office of Mayor of the City of Picayune, Mississippi; that I will faithfully discharge the duties of the office upon which I am about to enter, So help me God.

GREG MITCHELL, MAYOR

Sworn to and Subscribed before me this 2nd day of July, 2001.

M.D. Tate, II, Judge

GENTLEMEN:

We, Lucian Roberson, Donald Parker, Kathy H. Watts, Leavern Guy, Sr. and Jerry Bounds, do each solemnly swear, or affirm, that I will faithfully support the Constitution of the United State of America, and the Constitution of the State of Mississippi, and obey the laws thereof; that I am not disqualified from holding the office of Councilman of the City of Picayune, Mississippi; that I will faithfully discharge the duties of the office upon which I am about to enter, So help me God.

LUCIAN ROBERSON

Donald L. Parker
DONALD PARKER

Kathy H. Watts
KATHY H. WATTS

Leavern Guy Sr
LEAVERN GUY, SR.

Jerry Bounds
JERRY BOUNDS

Sworn to and Subscribed before me this 2nd day of July, 2001.

M.D. Tate, II, Judge

July 3, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, July 3, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manager Sabrina Diamond, City Attorney Gerald Cruthird, Police Chief Brenda Smith and Deputy City Clerk Brenda Ford.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Councilmember Parker, followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, approve the minutes of the Mayor and Council of June 5, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGEMENT RECEIPT OF RETIREMENT DEVELOPMENT MONTHLY ACTIVITIES REPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge receipt of the Retirement Development Monthly Activities Report for the month of May 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGEMENT RECEIPT OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION MINUTES

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge receipt of the Pearl River County Development Association minutes dated May 21, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to approve the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $ 52,000.00
MBC/LEO	General	70.00
MWMG	General	25.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

NATIONAL KIDSDAY PROCLAMATION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to adopt the following proclamation:

National KidsDay Proclamation

WHEREAS, the children of Picayune are the foundation on which our future success is built; and

WHEREAS, children seek parents, mentors and friends to aid them in reaching important goals;

WHEREAS, families and communities play vital roles in helping children develop a positive self image, sense of belonging and a sense of competence;

WHEREAS, National KidsDay is a special day set aside each year (the first Sunday in August) to encourage and remind adults that the meaningful time they share with children is important to their development; and

WHEREAS, the National KidsDay Alliance, comprised of Boys & Girls Clubs of America, 4-H, KidsPeace and YMCA, together reach more than 20 million youth via their services and community involvement; and

WHEREAS, National KidsDay emphasizes the importance of meaningful time spent with kids on this Day and every day, all year long; and

WHEREAS, the National KidsDay Alliance is working to establish National KidsDay on the national calendar;

NOW, THEREFORE, I GREG MITCHELL, MAYOR OF PICAYUNE DO HEREBY PROCLAIM AUGUST 5, 2001 AS NATIONAL KIDSDAY IN PICAYUNE, MS.

And call upon all citizens to join with me in recognizing and commending the National KidsDay Alliance organizations in our area for providing their everyday contributions and commitment to improving the living of the children and young adults in our communities.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to void the 1999 tax sale on 1998 taxes on parcel #517-833-000-00-005-02, due to an error by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

Motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor to sign a quitclaim deed in the name of the Woods Homeowners Association on parcel # 617-101-004-03-042-00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE TRAVEL TO THE MISSISSIPPI MUNICIPAL LEAGUE 2001 SUMMER CONFERENCE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor, City Council and City Manager to attend the Mississippi Municipal League 2001 Summer Conference in Biloxi, Mississippi on July 8th – 12th. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

EMPLOYMENT OF COURT CLERK FOR MUNICIPAL COURT

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge the employment effective July 2, 2001 of Robin Thomas as Municipal Court Clerk. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF DOCKET

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the docket for the month of June, 2001 in the amount of $580,734.99. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENTS TO PRIDE STEERING COMMITTEE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to appoint the following to the PRIDE Steering Committee for a 3 year term to expire in May 2004:

Dr. C. J. Wallace
Emma Hair
Jack B. Clark, Jr.
Vickie Love

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to acknowledge receipt of the minutes of the Planning Commission dated June 21, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED JULY 3, 2001

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to accept the minutes of the Planning Commission dated May 17, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO REZONE PROPERTY ON HIGHWAY 43 SOUTH

Motion was made by Councilmember Roberson, seconded by Councilmember Guy to table the request to rezone property located on Highway 43 South and owned by the G.H. Williams Estate from A-1 to C-3. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF DEVELOPMENT PLAT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the Development Plat, Phase I, for Alison Landing Subdivision located on Williamsburg Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER PLAT APPROVAL AND LOT VARIANCE

Upon request of Rick Pearson, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve a subdivision plat on parcel # 617-614-004-03-039 dividing that one lot into two lots and to approve a lot variance of 48' on the new parcel #1 which will contain 9,942 sq. ft. and a lot variance of 42 ' for parcel #2 which will contain 9,958 sq. ft. The property is located on Mitchell Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUESTING PROPOSALS FOR A DESIGN ENGINEER FOR THE CDBG GRANT PROJECT FOR A RAIL SPUR AT THE INDUSTRIAL PARK

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to table the request to advertise for proposals for a design engineer for the CDBG grant project for a rail spur at the Industrial Park. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER A RESOLUTION OF INTENT TO SELL PROPERTY IN THE PICAYUNE INDUSTRIAL PARK

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to table the request to adopt a Resolution of Intent to sell property in the Picayune Industrial Park. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter executive session to discuss a matter of pending litigation, a personnel matter and a matter involving the possible sale of land. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of pending litigation, a personnel matter and a matter involving the possible sale of land.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopended the meeting. The Mayor stated that while in executive session the Council discussed a matter of pending litigation, a personnel matter and a matter involving the possible sale of land and took no action.

APPOINTMENT OF INTERIM CITY MANAGER

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to appoint Sabrina Diamond as Interim City Manager. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

APPOINTMENT OF CITY CLERK

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to appoint Sabrina Diamond as City Clerk. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

APPOINTMENT OF MAYOR PRO TEMPORE

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to appoint Leavern Guy as Mayor Pro Tempore. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSTAINED: Councilmember Guy

The motion was declared carried.

CONSIDER RESOLUTION APPROVING THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS

A public hearing was held concerning the proposed issuance of Industrial Development Revenue Bonds in a principal amount not to exceed Three Million Dollars ($3,000,000). The City Clerk stated that no written protest against the issuance of the bonds had been filed in her office prior to 6:00 p.m. this date. No citizens present voiced any opinions during the public hearing, and the Mayor declared the public hearing closed.

REGULAR MEETING DATED JULY 3, 2001

The Mayor and City Council of the City of Picayune, Mississippi, acting for and on behalf of the City of Picayune, Mississippi, took up for further consideration the matter of issuance of Industrial Development Revenue Bonds of the City of Picayune, in the principal amount not to exceed Three Million Dollars ($3,000,000). After discussion of the subject, Councilmember Bounds offered and moved the adoption of the following resolution:

RESOLUTION FINDING AND DTERMINING THAT THE RESOLUTION *DECLARING THE INTENTION OF THE CITY OF PICAYUNE, MISSISSIPPI,* TO ISSUE INDUSTRIAL DEVELOPMENT BONDS, SERIES 2001, OF THE CITY OF PICAYUNE, MISSISSIPPI IN THE MAXIMUM PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS ($3,000,000) ADOPTED ON THE 22ND DAY OF MAY, 2001, WAS DULY PUBLISHED AS REQUIRED BY LAW; THAT NO SUFFICIENT PROTEST AGAINST THE ISSUANCE OF THE BONDS DESCRIBED IN SAID RESOLUTION HAS BEEN FILED BY THE QUALIFIED ELECTORS; AND AUTHORIZING THE ISSUANCE OF SAID BONDS.

WHEREAS, the Mayor and City Council of Picayune, Mississippi (the "Governing Body"), acting for and on behalf of the City of Picayune, Mississippi (the "Issuer"), does hereby find, determine and adjudicate as follows:

1. Heretofore, on the 22nd day of May, 2001, the Governing Body adopted a certain resolution entitled "RESOLUTION DECLARING THE INTENTION OF THE CITY OF PICAYUNE, MISSISSIPPI, TO ISSUE INDUSTRIAL DEVELOPMENT REVENUE BONDS OF SAID ISSUER IN THE PRINCIPAL AMOUNT NOT TO EXCEED THREE MILLION DOLLARS ($3,000,000) TO DEFRAY THE COST OF ACQUIRING, CONSTRUCTING AND IMPROVING AN INDUSTRIAL ENTERPRISE CONSISTING OF BUILDINGS AND EQUIPMENT FOR THE MAINTENANCE AND RE-MANUFACTURING OF AIRCRAFT OR OTHER PERMISSIBLE PRODUCTS, AND TO HOLD A PUBLIC HEARING REGARDING THE SAME; AND DIRECTING THE PUBLICATION OF NTOICE OF SUCH PUBLIC HEARING" wherein the Governing Body found, determined and adjudicated that it is necessary that bonds of the City of Picayune, Mississippi be issued in the amount, for the purpose and secured as aforesaid, declared its intention to issue said bonds, and fixed 6:00 o'clock p.m. on July 3, 2001, as the date and hour on which it proposed to direct the issuance of said bonds, on or prior to which date and hour any protest to be made against the issuance of such bonds was required to be filed.

2. As required by law and as directed by the aforesaid resolution, said resolution was published once a week for at least three (3) consecutive weeks in *The Picayune Item*, a newspaper published and having a general circulation in the County, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972, as amended, the first publication having been made not less than twenty-one (21) days prior to July 3, 2001, and the last publication having been made not more than seven (7) days prior to such date, said notice having been published in said newspaper on June 5, 12, 19 and 26 as evidenced by the publisher's affidavit heretofore presented and filed.

3. On or prior to the hour of 6:00 o'clock p.m. on July 3, 2001, no written protest against the issuance of the bonds has been filed with the City Clerk of the City of Picayune, Mississippi; and, therefore, the Governing Body does hereby find, determine and adjudicate that no protest against the issuance of the bonds has been duly filed.

4. The Governing Body is now authorized and empowered by the provisions of Section 57-3-1, *et seq.*, Mississippi Code of 1972, as amended, to issue the hereinafter described bonds without any election on the question of the issuance thereof.

5. The amount of said bonds so proposed to be issued, when added to the outstanding indebtedness of the County, will not exceed any constitutional or statutory limitation of indebtedness.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:

SECTION 1. Industrial Development Bonds, Series 2001 (the "Bonds"), of the City of Picayune, Mississippi, are hereby authorized to be issued in the maximum principal amount of not to exceed Three Million Dollars ($3,000,000) for the purpose of defraying the cost of construction and improving an industrial enterprise consisting of buildings and equipment for the maintenance and re-manufacturing of aircraft or other permissible products under Section 57-3-1 *et seq.* of the Act, as amended, (the "Project"), to be located at the City of Picayune Municipal Airport and thereafter to lease the Project to Magnolia Air I, LLC. Such Bonds will be payable both as to principal and interest solely from the revenue to be derived from the leasing of the Project, and neither the

Bonds nor the interest thereon shall ever constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State of Mississippi, nor ever constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

SECTION 2. Said Bonds shall be issued and offered for sale in accordance with the further orders and directions of this Governing Body.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

Councilmember Guy seconded the motion to adopt the foregoing Resolution, and the following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

APPOINTMENT OF MUNICIPAL JUDGE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint M.D. Tate as Municipal Judge. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to recess until July 16, 2001 at 5:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

July 16, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Monday, July 16, 2001, at 5:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, and City Manager Sabrina Diamond.

It Being Determined a quorum was present the following proceedings were held.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter executive session to discuss a personnel matter. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a personnel matter.

RETURN TO REGULAR SESSION

At the conclusion of the executive session, upon motion of Councilmember Roberson, seconded by Councilmember Watts, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a personnel matter and took no action.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to recess until Tuesday, July 17, 2001 at 6:00 p.m. The following roll call vote was taken:

RECESSED MEETING DATED JULY 16, 2001

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

July 17, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be it Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, July 17, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, and Assistant Police Chief David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Councilmember Roberson , followed by the Pledge of Allegiance.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the minutes of the City Council dated June 19, 24 and 29, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Budget Report for June 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOLWEDGE RECEIPT OF PUBLIC RECORDS REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Public Records Report for May 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED JULY 17, 2001

ORDER TO ADOPT THE MOTOR VEHICLE ASSESSMENT SCHEDULE FOR 2001-2002

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to adopt the Motor Vehicle Assessment Schedule for August 1, 2001 to July 31, 2002 as prepared by the State Tax Commission and in accordance with Mississippi Code Section 27-51-21. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF PROCLAMATION RECOGNIZING REVEREND ROGER HOBSON

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the following proclamation:

PROCLAMATION

WHEREAS, The Reverend Roger Hobson has been serving Picayune, and Pearl River County for over 60 years as Pastor and Founder of several local churches, including Westlawn and Sycamore; and

WHEREAS, Reverend Roger Hobson has done extensive volunteer work in the Christian community of this area; and

WHEREAS, Reverend Roger Hobson has produced, financed and sustained a local radio ministry for shut-ins in this area since October 1949, on WRJW Radio, called "The Calvary Hour"; and

WHEREAS, This radio ministry has benefited the unchurched and/or homebound citizens of this area for over 50 years; and

WHEREAS, The Reverend Roger Hobson has been forced to retire from his ministry due to declining health.

NOW, THEREFORE, be it proclaimed by the Mayor and City Council of the City of Picayune, Mississippi, that Sunday, July 22, 2001 be proclaimed

REVEREND ROGER HOBSON AND THE CALVARY HOUR DAY

in Picayune. All interested citizens are encouraged to participate in this observance.

Signed this the 17th day of July, 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED JULY 17, 2001

CONSIDER REQUEST FOR MAYOR TO SIGN QUITCLAIM DEED

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign a quitclaim deed for 1985 taxes in the name of Frank Stuart, Jr., parcel # 418-210-000-00-001-00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the issuance of the following manual checks:

Entex	Utility	$ 17,640.00
MGAM	Utility	$ 44,355.60
GulfSouth	Utility	$ 11,149.90
Utility Management Corp	Utility	$ 585.16
Ramada Inn Southwest	Utility	$ 55.00
Barbara McGrew	General	$ 68.00
City of Picayune, Tax Collector Redemption	General	$ 53.01

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

COMMUNICATION FROM EMERGYSTAT, INC.

Montie Moore of Emergystat, Inc. presented the results of the company's response times for April-June, 2001. The data presented indicated that Emergystat provided a response time of 8 minutes or less on 95.33% of calls, keeping in compliance with their contract. No official action was taken.

COMMUNICATION FROM THE PICAYUNE PIRANHA'S SWIM TEAM

Debra Rutherford representing the Picayune Piranha's Swim Team, addressed the council regarding the status of the team and to request funding to support the team. Mrs. Rutherford was instructed to make a specific request in writing to the City Manager and was told that the request would be considered in the City's upcoming budget process. No official action was taken.

At this time City Attorney Gerald Cruthird entered meeting.

RECESSED MEETING DATED JULY 17, 2001

COMMUNICATION FROM THE PRESIDENT'S COUNCIL

The Council was presented with a letter from the President's Council regarding the need for a city-owned multipurpose community center. No official action was taken.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 100 AIRPORT ROAD

A public hearing on the condition of the property located at 100 Airport Road and owned by Ted Slack was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 213 WEEMS STREET

A public hearing on the condition of the property located at 213 Weems Street and owned by Ed Coleman was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 2809 HICKMAN AVENUE

A public hearing on the condition of the property located at 2809 Hickman Avenue and owned by Charles Serpas was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1006 BAYLOUS STREET

A public hearing on the condition of the property located at 1006 Baylous Street and owned by Charlene Christmas was held. The Grants Administrator reported that

some work had been done on the property and recommended a continuance of the public hearing. Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to continue the public hearing until August 21, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 317 WEEMS STREET

A public hearing on the condition of the property located at 317 Weems Street and owned by Antoinette Gillis was held. The Grants Administrator reported that some work had been done on the property and recommended a continuance of the public hearing. Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to continue the public hearing until August 21, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR COMPUTERIZED TELEPHONE SYSTEM

Upon request of the Police Department, motion was made by Councilmember Bounds, seconded by Councilmember Guy, to authorize the Purchasing Agent to advertise for bids for a computerized telephone system for the Police Department. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR MAYOR TO SIGN LOCAL LAW ENFORCEMENT BLOCK GRANT APPLICATION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to apply for and authorize Mayor to sign the 2000 Local Law Enforcement Block Grant Application to apply for grant funds of $22,640.00 to be shared equally with the Pearl River County Sheriff's Department. The City's local cash match will be $1,132.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED JULY 17, 2001

CONSIDER BID AWARD ON THE NONDIRECTIONAL BEACON FAA PROJECT

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to award bid to the low bidder, Keyes Electric, Inc. in the amount of $76,500.00 on the Nondirectional Beacon FAA Project at the Picayune Municipal Airport and authorize the Mayor to sign the following contract:

CONSTRUCTION CONTRACT

This contract made and entered into this 17th day of July, 2001, by and between Keyes Electric, Inc., party of the first part, hereinafter called the CONTRACTOR, and the Mayor and City Council of the City of Picayune, Mississippi, through it governing body and authorized representative, party of the second part, hereinafter called the OWNER.

WITNESSETH THAT THE PARTIES HERETO do mutually agree as follows:

1. The CONTRACTOR shall, in a good and workmanlike manner and at his own cost and expenses, furnish all labor, materials, plans, and equipment necessary to construct the Construction of Nondirectional Beacon for Picayune Municipal Airport.
2. It is expressly understood and agreed by the parties hereto that the *Table of Contents, Notice to Bidders, Instruction to Bidders, Proposal,* Construction Contract, Performance Bond, Payment Bond, Genera Provisions, Special Conditions, Specifications, and other items attached hereto, the accompanying drawings, and interpretations and all additional instructions and drawings in explanation of all details and changes which may be furnished to the CONTRACTOR as provided herein, are each and all, by reference hereto, incorporated herein and together with this Construction Contract constitute the Contract.
3. The CONTRACTOR agrees to execute a Performance Bond and a Payment Bond in the form prescribed, in an amount equal to not less than one hundred percent (100%) of the Contract Price, with a surety or sureties satisfactory to the OWNER.
4. The CONTRACTOR shall begin work under this Contract within ten (10) calendar days after the date of Work Order, and he shall faithfully execute and fully complete all work hereunder within 120 consecutive calendar days from and after the tenth calendar day following the date of Work Order.
5. The Contract Price set for under Paragraph 6, below shall represent the total of all sums due the CONTRACTOR for work installed under this Contract. No verbal or written order of the OWNER or ARCHITECT/ENGINEER or any other of their employees shall modify or act as a waiver of the Contract Price, and the Contract Price shall not be modified in any fashion except by the execution by the parties hereto of a Contract Amendment recommended by the ARCHITECT/ENGINEER, approved by the OWNER, and prepared in a form acceptable to the OWNER. The execution of an approved Contract Amendment by the parties hereto shall automatically modify the Contract Price in accordance with such executed Contract Amendment, after which the amended Contract Price shall govern until further amended by additional Contract Amendment(s).
6. In consideration of the faithful performance by the CONTRACTOR of all terms, conditions, and covenants of the Contract to the satisfaction of the OWNER, the OWNER shall pay and the CONTRACTOR shall receive the lump sums and/or unit prices stipulated in the Contractor's Proposal in the total amount of: Seventy six thousand five hundred thousand Dollars and no Cents ($76,500.00), which total sum shall be known as the Contract Price, as full compensation for all work furnished and installed by the CONTRACTOR under this Contract, except that the Contract Price shall be subject to increase or decrease in accordance with Contract Amendments as provided for under Paragraph 5 above. Payments for said work shall be due and payable as set forth under Paragraph 7 below.
7. The OWNER shall make payment for work performed by the CONTRACTOR as follows:

   On the first day of each month, or as soon thereafter as practicable, the CONTRACTOR shall prepare and submit to the ARCHITECT/ENGINEER for approval as duly certified estimate of the work performed during the preceding calendar month, and the value thereof. The estimate shall include all labor and materials incorporated

in the work, and all materials suitably stored at the site of the work. Upon ARCHITECT/ENGINEER'S approval of the estimate, and not later than the fifteenth day of each calendar month, the OWNER shall pay to the CONTRACTOR ninety percent (90%) of the value of the estimate.

a. Withholding or not more than 10 percent of the payment claimed until work is 50 percent complete;
b. When work is 50 percent complete, reduction of the withholding to 5 percent of the dollar value of all Work satisfactorily completed to date provided that the CONTRACTOR is making satisfactory progress and there is no specific cause for greater withholding;
c. When the Work is 50 percent complete, a 5 percent retainage shall be held until work is substantially complete;
d. When the Work is substantially complete (operational or beneficial occupancy), the withheld amount shall be further reduced below 5 percent to only that amount necessary to assure completion.
e. The OWNER may reinstate up to 10 percent withholding if the OWNER determines, at its discretion, that the CONTRACTOR is not making satisfactory progress or there is other specific cause for such withholding.

Final payment shall be made to the CONTRACTOR by the OWNER within thirty (30) days after:

a. The completion of the project;
b. The approval by the ARCHITECT/ENGINEER of all work performed under the contract;
c. The acceptance of the work by the OWNER;
d. Compliance by the CONTRACTOR with the terms and conditions of Paragraph 8 below; and
e. The preparation by the CONTRACTOR and approval by the ARCHITECT/ENGINEER of a final estimate of the cost of the completed work.

Final payment to the CONTRACTOR shall equal the approved final estimate of cost less the aggregate of al previous payments to the CONTRACTOR, and less all liquidated damages assessed in accordance with the terms of this Contract.

Monthly or final payments to the CONTRACTOR delayed by the OWNER for more than 30 days after ARCHITECT/ENGINEER'S approval thereof shall accrue interest payable to the CONTRACTOR at the rate of 8 percent per annum.

8. Upon completion by the CONTRACTOR of all work covered by the Contract and prior to final payment to the CONTRACTOR for the work performed, the CONTRACTOR shall deliver to the OWNER in the forms attached hereto:
   a. Releases of all liens and of rights to claim any liens, from all Subcontractors and material suppliers furnishing labor and/or materials for the project; and
   b. An affidavit by the CONTRACTOR to the effect that payment has been made for all labor used on or for the construction of the project.
9. Neither the inspection of the ARCHITECT/ENGINEER or OWNER or any of their employees, nor any decision, interpretation, order, measurements, or certificate by the ARCHITECT/ENGINEER or OWNER, nor any order by the OWNER for payment of money, nor any payment for or acceptance of the whole or any part of the work by ARCHITECT/ENGINEER or OWNER, nor any extension of time, nor any possession taken by the OWNER or its employees, shall operate as a waiver of any provision of this Contract, or of any power herein reserved to the OWNER, or of any right to damages herein provided, nor shall any waiver of any breach of the Contract be held to be a waiver of any subsequent breach. Any remedy provided in this Contract shall be taken and construed as cumulative; that is, in addition to each and every other remedy herein provided, and in addition to all other suits, actions, or legal proceedings, the OWNER shall also be entitled as of rights to writ of injunction against any breach of any of the provisions of the Contract.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and have hereto set their hands on the day and year first above written.

RECESSED MEETING DATED JULY 17, 2001

APPROVED AS TO FORM:

_____ _____
ATTORNEY OWNER

WITNESS:

_____ By_____

_____
CONTRACTOR

_____
ADDRESS

ATTEST:

_____ _____

Title_____

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON SITEWORK IMPROVEMENTS, CONTRACT 2 FOR THE EDA/CHEVRON PROJECT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to award bid to the low bidder, Talley Contracting, Inc., in the amount of $932,354.56 on Sitework Improvements, Contract 2 for the EDA/Chevron Project at the Picayune Municipal Airport and authorize the Mayor to sign the following contract:

CONSTRUCTION CONTRACT

This Contract made and entered into this 17th day of July, 2001, by and between Talley Contracting, Inc., party of the first part, hereinafter called the CONTRACTOR, and the Mayor and City Council of the City of Picayune, Mississippi, through its governing body and authorized representative, party of the second part, hereinafter called the OWNER.

WITNESSETH THAT THE PARTIES HERETO do mutually agree as follows:

1. The CONTRACTOR shall, in a good and workmanlike manner and at his own cost and expenses, furnish all labor, materials, plans and equipment necessary to construct the Construction of Sitework Improvements for Picayune Municipal Airport, Contract 2.
2. It is expressly understood and agreed by the parties hereto that the Table of Contents, Notice to Bidders, Instructions to Bidders, Proposal, Construction Contract, Performance Bond, Payment Bond, General Provisions, Special Conditions, Specifications, and other items attached hereto, the accompanying drawings, and interpretations and all additional instructions and drawings in explanation of all details and changes which may be furnished to the CONTRACTOR as provided herein, are each and all, by reference hereto, incorporated herein and together with this Construction Contract constitute the Contract.
3. The CONTRACTOR agrees to execute a Performance Bond and a Payment Bond in the form prescribed, in an amount equal to not less than one hundred percent (100%) of the Contract Price, with a surety or sureties satisfactory to the OWNER.
4. The CONTRACTOR shall begin work under this Contract within ten (10) calendar days after the date of Work Order, and he shall faithfully execute and fully complete all work hereunder within 120 consecutive

calendar days from and after the tenth calendar day following the date of Work Order.

5. The Contract Price set forth under Paragraph 6 below shall represent the total of all sums due the CONTRACTOR for work installed under this Contract. No verbal or written order of the OWNER of ARCHITECT/ENGINEER or any of their employees shall modify or act as a waiver of the Contract Price, and the Contract Price shall not be modified in any fashion except by the execution by the parties hereto of a Contract Amendment recommended by the ARCHITECT/ENGINEER, approved by the OWNER, and prepared in a form acceptable by the OWNER. The execution of an approved Contract Amendment by the parties hereto shall automatically modify the Contract Price in accordance with such executed Contract Amendment, after which the amended Contract Price shall govern until further amended by additional Contract Amendment(s).

6. In consideration of the faithful performance by the CONTRACTOR of all terms, conditions, and covenants of the Contract to the satisfaction of the OWNER, the OWNER shall pay and the CONTRACTOR shall receive the lump sums and/or unit prices stipulated in the Contractor's Proposal in the total amount of; Nine hundred thirty two thousand three hundred fifty four and fifty six cents, ($932,354.56), which total sum shall be known as the Contract Price, as full compensation for all work furnished and installed by the CONTRACTOR under this Contract, except that the Contract Price shall be subject to increase or decrease in accordance with Contract Amendments as provided for under Paragraph 5 above. Payments for said work shall be due and payable as set forth under Paragraph 7 below.

7. The OWNER shall make payment for work performed by the CONTRACTOR, as follows:

On the first day of each month, or as soon thereafter as practicable, the CONTRACTOR shall prepare and submit to the ARCHITECT/ENGINEER for approval a duly certified estimate of the work performed during the preceding calendar month, and the value thereof. The estimate shall include all labor and materials incorporated in the work, and all materials suitably stored at the site of the work. Upon ARCHITTECT/ENGINEER'S approval of the estimate, and not later than the fifteenth day of each calendar month, the OWNER shall pay to the CONTRACTOR ninety percent (90%) of the value of the estimate.

a. Withholding of not more than 10 percent of the payment claimed until work is 50 percent complete;
b. When Work is 50 percent complete, reduction of the withholding to 5 percent of the dollar value of all Work Satisfactorily completed to date provided that the CONTRACTOR is making satisfactory progress and there is no specific cause for greater withholding;
c. When the Work is 50 percent complete, a 5 percent retainage shall be held until work is substantially complete;
d. When the Work is substantially complete (operational or beneficial occupancy), the withheld amount shall be further reduced below 5 percent to only that amount necessary to assure completion.
e. The OWNER may reinstate up to 10 percent withholding if the OWNER determines, at its discretion, that the CONTRACTOR is not making satisfactory progress or there is other specific cause for such withholding.

Final payment shall be made to the CONTRACTOR by the OWNER within thirty (30) days after:

a. The completion of the project;
b. The approval by the ARCHITECT/ENGINEER of all work performed under the contract;
c. The acceptance of the work by the OWNER;
d. Compliance by the CONTRACTOR with the terms and conditions of Paragraph 8 below; and
e. The preparation by the CONTRACTOR and approval by the ARCHITECT/ENGINEER of final estimate of the cost of the completed work.

Final payment to the CONTRACTOR shall equal the approved final estimate of cost less the aggregate of all previous payments to the CONTRACTOR, and less all liquidated damages assessed in accordance with the terms of this Contract.

Monthly or final payments to the CONTRACTOR delayed by the OWNER for more than 30 days after ARCHITECT/ENGINEER'S approval thereof shall accrue interest payable to the CONTRACTOR at the rate of 8 percent per annum.

8. Upon completion by the CONTRACTOR of all work covered by the Contract and prior to final payment to the CONTRACTOR for the work performed, the CONTRACTOR shall deliver to the OWNER in the forms attached hereto:
   a. Releases of all liens and of rights to claim any liens, from all Subcontractors and material suppliers furnishing labor and/or materials for the project; and
   b. An affidavit by the CONTRACTOR to the effect that payment has been made for all labor used on or for the construction of the project.
9. Neither the inspection of the ARCHITECT/ENGINEER or OWNER, or any of their employees, nor any decision, interpretation, order, measurements, or certificate by the ARCHITECT/ENGINEER or OWNER, nor any order by the OWNER for payment of money, nor any payment for or acceptance of the whole or any part of the work by the ARCHITECT/ENGINEER or OWNER, nor any extension of time, nor any possession taken by the OWNER or its employees, shall operate as a waiver of any provision of this Contract, or of any power herein reserved to the OWNER, or of any right to damages herein provided, nor shall any waiver of any breach of the Contract be held to be a waiver of any subsequent breach. Any remedy provided in this Contract shall be taken and construed as cumulative; that is, in addition to each and every other remedy herein provided, and in addition to all other suits, actions, or legal proceedings, the OWNER shall also be entitled as of rights to writ of injunction against any breach of any of the provision of the Contract.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and have hereto set their hands on the day and year first above written.

APPROVED AS TO FORM:

_____ _____
ATTORNEY OWNER

WITNESS:

_____ By_____

_____
CONTRACTOR

_____
ADDRESS

ATTEST:

_____ _____

Title_____

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED JULY 17, 2001

CONSIDER APPOINTING DESIGNATED AGENT FOR FEMA APPLICATION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint Sabrina Diamond as applicant's designated agent for FEMA applications related to Tropical Storm Allison. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Upon request of the local "Relay for Life" Chairperson, Gail Watts, motion was made by Councilmember Roberson, seconded by Councilmember Parker, to advertise the resources of the City by purchasing an advertisement on the event shirts in the amount of $500.00 and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Roberson, to enter executive session to discuss a personnel matter, a matter of potential litigation and a matter involving the location of a business. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to public announce that the Council would enter executive session to discuss a personnel matter, a matter of potential litigation and a matter involving the location of a business.

RECESSED MEETING DATED JULY 17, 2001

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Guy, seconded by Councilmember Watts, and unanimously carried, the Mayor reopened the meeting. The Mayor stated what while in executive session the Council discussed a personnel matter, a matter of potential litigation and a matter involving the location of a business and took no action.

CONSIDER REQUEST TO ADVERTISE FOR PROPOSALS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Purchasing Agent to advertise for proposals for design engineering services for a rail spur at the Industrial Park. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO SCHEDULE WORKSHOP

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to instruct the City Manager to schedule an Economic Development workshop with Pearl River County Officials, the City of Poplarville Officials, and Pearl River County Development Association in the spirit of cooperation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

July 31, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in a special called meeting at the Criminal Justice Center in said City, Tuesday, July 31, 2001, at 5:00 p.m. with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Robert Parker, Kathy Watts, Leavern Guy and Jerry Bounds and City Manager Sabrina Diamond.

The call for this special meeting was as follows:

CALL FOR SPECIAL MEETING OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PICAYUNE

Notice is hereby given that a Special Meeting of the Mayor and City Council of the City of Picayune, Mississippi, is hereby called and will be held at the Criminal Justice Center, 328 South Main Street, at5:00 p.m. on Tuesday, July 31, 2001. The purpose of the meeting is to discuss a strategy session regarding pending litigation.

July 27, 2001
Date

/s/ Sabrina Diamond
Sabrina Diamond, City Manager

A POLICE OFFICER OF THE CITY OF PICAYUNE, MISSISSIPPI WILL EXECUTE AND RETURN THE ABOVE NOTICE

We, the undersigned Mayor and Councilmembers of the City of Picayune, Mississippi, hereby acknowledge service of the above call upon us personally.

/s/ Greg Mitchell
Greg Mitchell, Mayor

/s/ Lucian Roberson
Councilman Lucian Roberson

/s/ Donald Parker
Councilman Donald Parker

/s/ Kathy Watts
Councilwoman Kathy Watts

/s/ Leavern Guy
Councilman Leavern Guy

/s/ Jerry Bounds
Councilman Jerry Bounds

I have personally served notice upon the person of each of the above-signed Councilmembers.

July 29, 2001
Date

/s/ Jeremy Magri
Picayune Police Officer

/s/ Cpl. Brian Rodgers
Picayune Police Officer

SPECIAL MEETING DATED JULY 31, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter executive session to discuss a matter of prospective litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of prospective litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, motion was made by Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried to exit executive session and return to regular session. Mayor Mitchell stated that while in executive session the Council received an update from the City Attorney and discussed potential strategy regarding the City's litigation with the Southern Regional Corporation and the Lower Pearl River Valley Foundation. No official action was taken during executive session.

The City Attorney stated for the official record that the City has received the scheduling order for the lawsuit from the Chancery Court. A summary of the scheduling order is as follows:

June 1, 2001	File any necessary amendments to the pleadings
October 1, 2001	Initiate and complete all discovery other than expert discovery
October 29, 2001	Plaintiff shall designate experts and file the disclosures described in Rule 26(a) of the Mississippi Rules of Civil Procedures
November 12, 2001	Defendants shall designate experts and file the disclosures described in Rule 26(a) of the Mississippi Rules of Civil Procedures
November 26, 2001	Complete all discovery related to experts
December 3, 2001	File all motions with the exception of evidentiary motions in limine
December 10, 2001	Respond to all motions filed
December 14, 2001	Submit a joint pretrial order to the Court
December 17, 2001	Hold pretrial conference
January 9, 2002	File all evidentiary motions in limine
January 21, 2002	Respond to all evidentiary motions in limine

SPECIAL MEETING DATED JULY 31, 2001

January 20, 30 & 31, 2002 Trial

The mayor announced that the City would hold a town meeting to have an opportunity to further inform the public of the status of the lawsuit and to seek community input on the structure of a trusteeship to direct hospital assets. The tentative date and location for the town meeting will be August 9, 2001 at 7:30 p.m. at the Picayune High School Auditorium. The City Manager was instructed to schedule the meeting and notify the public and the press.

ADJOURN

There being no further business to consider, the Council adjourned the special meeting.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

August 7, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, August 7, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Gerald Cruthird and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Mr. J.P. Burns, followed by the Pledge of Allegiance, led by Councilmember Kathy Watts.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to approve the minutes of the Mayor and Council dated July 3, 2001, July 16, 2001 and July 17, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF RETIREMENT DEVELOPMENT MONTHLY ACTIVITIES REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to acknowledge receipt of the Retirement Development Monthly Activities Report for the month June 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Watts, to void the 2000 tax sale for 1999 taxes on parcel #616-306-000-00-076-00, due to an error by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Watts, to void the 2000 tax sale on 1999 taxes for parcel #617-933-000-00-036-01 S, due to incorrect assessment. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the Mayor to sign a quitclaim deed for 1997 taxes in the name of ~~C.J. Hendley~~ L.D. DRENNAN on parcel # 617-614-004-03-020-00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the Mayor to sign a quitclaim deed for 1997 in the name of Allen Giroir on parcel #518-624-000-00-003-26. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Upon request from the Picayune Big Dawgs Softball Team, motion was made by Councilmember Guy, seconded by Councilmember Watts, to advertise the resources of the City by sponsoring the team to the ASA World Series in the amount of $750.00 and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ACCEPTANCE OF UNMARKED VEHICLES

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize that the following vehicles be listed as unmarked vehicles because identifying marks would hinder official police investigation:

Vehicle #	Year/Make	Vin #
191	1995 Crown Victoria	2FALP71WXSX159526
192	1995 Crown Victoria	2FALP71W8XS159525
201	1995 Oldsmobile	1G3AJ55MOS6405639
208	1996 Crown Victoria	2FALP71W4TX156557
210	1996 Mercury	1MELM62W3TH625194
218	1998 Crown Victoria	2FAFP71W9WX133485
234	1996 Crown Victoria	2FALP71W2TX186978
265	2001 Crown Victoria	2FAFP71W71X180197

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $ 50,000.00
Kanduit	Airport	$ 23,609.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR POLICE UNIFORMS

Upon recommendation from the Police Chief, motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the Purchasing Agent to advertise for bids for police uniforms. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 1208 EAST CANAL STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 1208 East Canal Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR LOT NEXT TO 1106 BLACKWELL LANE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for the lot next to 1106 Blackwell Lane. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 118 NORTH HOWARD AVENUE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 118 North Howard Avenue. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 204 JARRELL STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 204 Jarrell Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 214 WEEMS STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 214 Weems Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 416 WEST SYCAMORE ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 416 West Sycamore Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 606 CHARLOTTE DRIVE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Watts, to set the date and time of September 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 606 Charlotte Drive. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PUBLIC RECORDS REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to acknowledge receipt of monthly Public Records Report for June 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED AUGUST 7, 2001

ORDER TO ADVERTISE FOR SEMI-ANNUAL BIDS FOR SUPPLIES

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the Purchasing Agent to advertise for semi-annual bids for supplies for the period of 10-01-01 to 3-31-02. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF AMENDED CONTRACT WITH COMPTON ENGINEERING FOR SRF WATER WELL REHABILITATION PROJECT

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to approve the following amended contract with Compton Engineering for the SRF Water Well Rehabilitation Project:

AGREEMENT FOR PROFESSIONAL SERVICE
BETWEEN
CITY OF PICAYUNE
AND
COMPTON ENGINEERING, P.A.

This AGREEMENT made this 7th day of August 2001, by City of Picayune, hereinafter referred to as the OWNER and Compton Engineering, P.A., hereinafter referred to as ENGINEER, WITNESSETH, that the parties hereto mutually agree as follows:

WHEREAS, the OWNER selected the ENGINEER to furnish design and services during construction for the Drinking Water Systems Improvements Revolving Loan Fund program, FY-01 hereinafter referred as the PROJECT, and

WEHREAS, the OWNER recognizes the need for interproject control, and

WHEREAS, the OWNER and the ENGINEER have agreed upon the scope of services to be provided by the ENGINEER under the terms set forth in this AGREEMENT.

NOW, THEREFORE, IT IS MUTALLY AGREED AS FOLLOWS:

PURPOSE

The purpose of this AGREEMENT is to establish the ENGINEER's scope of services, payment provisions and time of completion for the PROJECT's design and construction related services.

ARTICLE I – SCOPE OF WORK

The ENGINEER shall perform the work under this AGREEMENT in accordance with the following:

The ENGINEER shall have responsibility for and furnish all necessary labor, direct and indirect costs to perform and complete the services defined herein for the PROJECT. Exhibit 1, attached and made a part hereof, lists in detail the individual tasks to be accomplished for each phase of the PROJECT. The ENIGNEER with primary responsibility of the project shall be Geoffrey Clemens, P.E., Mississippi License # 14037.

1.0 DESIGN

The Engineer shall perform the work under this AGREEMENT in accordance with the following:

1.1 The ENGINEER shall have sole responsibility for and furnish all necessary labor, direct and indirect cost to perform and complete the design and preparation of plans and specifications for the PROJECT.

1.2 The ENGINEER shall be responsible for and deliver to the OWNER within 120 calendar days of execution of this AGREEMENT, the plans and specifications for the PROJECT.

1.3 The scope of work for this AGREEMENT is based on the design and preparation of ten (10) sets of completed quality assured documents for the OWNER's review.

2.0 CONSTRUCTION

The construction services shall be performed in three separate phases: Bidding Phase; Construction Phase; and Post Construction Phase.

2.1 BIDDING PHASE

After written authorization to proceed with the Bidding Phase, ENGINEER shall:

2.1.1 Assist OWNER in obtaining bids or negotiating proposals for each separate prime contract for construction, materials, equipment and services.

2.1.2 Consult with and advise OWNER as to the acceptability of subcontractors and other persons and organizations proposed by the prime contractor(s) (hereinafter called "Contractor(s)") for those portions of the work as to which such acceptability is required by the bidding documents.

2.1.3 Prepare addenda to the bidding documents considered by ENGINEER to be appropriate.

2.1.4 Consult with and advise OWNER as to the acceptability of substitute materials and equipment proposed by Contractor(s) when substitution prior to the award of contracts is allowed by the bidding documents.

2.1.5 Assist OWNER in evaluating bids or proposals and in assembling and award contracts.

2.1.6 The ENGINEER shall submit bid documentation to the Bureau of Pollution Control and allow adequate time for review and approval.

2.2 CONSTRUCTION PHASE

2.2.1 During the Construction Phase, ENGIENER shall furnish services generally defined as follows:

2.2.1.1 Consult with and advise OWNER and act as his representative as provided in Construction Contract Documents. The extent and limitations of the duties, responsibilities and authority of ENGINEER as assigned in said Construction Contract Documents shall not be modified except as ENGINEER may otherwise agree in writing. All of OWNER's instructions to Contractor(s) will be issued through the ENGINEER who will have authority to act on behalf of the OWNER to the extent provided in said Construction Contract Documents except as otherwise provided in writing.

2.2.1.2 Make visits to the site at intervals appropriate to the various stages of construction to observe as an experienced and qualified design professional the progress and quality of the executed work of Contractor(s) and to determine in general if such work is proceeding in accordance with the Construction Contract Documents. Observation of construction work will not be necessary eight hours a day as in cleaning and television, lining, cutouts, surface repairs or above ground pump station rehabilitation. Observation will be needed during underground work and testing. Exhibit 2 outlines the type of projects that will require resident observation and projects that will require periodic observation.

2.2.1.3 Review and approve (or take other appropriate action in respect of) Shop Drawings (as that term is defined in the aforesaid Contraction Contract Documents) and samples, the results of tests and inspections and other data which each Contractor is required to submit, but only for conformance with the design concept of the PROJECT and compliance with the information given in the Construction Contract Documents thereto; determine the acceptability of substitute materials and equipment proposed by Contractor(s) ; and receive and review (for general content as required by the specifications) maintenance and operation instructions, schedules, guarantees, and certificates of inspection which are to be assembled by Contractor(s) in accordance with the Construction Contract Documents.

2.2.1.4 Issue al instructions of OWNER to Contractor(s); issue necessary interpretations and clarifications of the Construction Contract Documents and in connection therewith prepare change orders as required; have authority, as OWNER's representative, to require

special inspection or testing of the work; act as initial interpreter of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents pertaining to the execution and progress of the work.

2.2.1.5 Based on ENGINEER's on-site observations as an experienced and qualified design professional and on review of applications for payment and the accompanying data and schedules, determine the amounts owning to contractor(s) and recommend in writing payments to Contractor's in such amounts.

2.2.1.6 Conduct an inspection to determine if the PROJECT is substantially complete and a final inspection to determine if the work has been completed generally in accordance with the intent of the Construction Contract Documents and if each Contractor has fulfilled all of his obligations thereunder so that ENGINEER may *recommend, in writing, final payment to each Contractor and may give written notice to* OWNER and the Contractor(s) that the work is acceptable.

2.2.2 During the Construction Phase, ENGINEER shall furnish Resident Services generally defined in Exhibit 2 and as follows:

2.2.2.1 A Resident Observer(s) will be furnished and will act as directed by ENGINEER in order to assist ENGINEER in observing performance of the work of Contractor(s). Responsibilities of the Resident Project Representative are listed as Exhibit 3.

2.2.2.2 Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the Resident Observers(s) and assistant(s), ENGINEER shall endeavor to provide further protection for OWNER against defects and deficiencies in the work of Contractor(s).

2.2.3 During the Construction Phase, ENGINEER shall provide the following miscellaneous services:

2.2.3.1 The ENGINEER shall prepare an Operation and Maintenance Manual for the *PROJECT and shall present two (2) copies to the OWNER and the cost is included per* the hourly rates required for preparing such document and is included in the upset amount.

2.2.3.2 The ENGINEER shall provide testing whenever OWNER testing is required in the Contract Documents or necessary to verify compliance with the Contract Documents.

2.2.3.3 Flow monitoring, if required, will be provided by the ENGINEER after construction on a time and material basis according to the rate schedule presented in this AGREEMENT as Exhibit 4.

2.3 POST CONSTRUCTION PHASE

2.3.1 The ENGINEER will provide Post Construction Services to include preparation of record drawings.

2.3.2 The ENGINEER will provide one-year performance evaluation and a final certification. This work will be performed on an as needed basis and on a time and material basis.

ARTICLE II – OWNER'S RESPONSIBILITIES

The OWNER shall:

1. Assist ENGINEER by placing at his disposal all available information pertinent to the PROJECT including previous reports and any other data relative to construction of the PROJECT.

2. Furnish to ENGINEER, as required for performance of ENGINEER's Basic Services, data prepared by or services of others, all of which ENGINEER may rely upon *in performing his services.*

3. Arrange for access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform his services.

4. Examine all reports, sketches, drawings, specifications, proposals and other documents presented by ENGINEER, obtain advise of an attorney, insurance counselor

and other counselor and other consultants as ENGINEER deems appropriate for such examination and rend in writing decision pertaining thereto within a reasonable time so as not to delay the services of ENGINEER.

5. Furnish approvals and permits from all governmental authorities having jurisdiction over the PROJECT and such approvals and consents from others as may be necessary for completion of the PROJECTS.

6. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the PROJECT, such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the PROJECT including any that may be raised by Contractor(s), such auditing services as OWNER may require to ascertain how or for what purpose any Contractor has used the monies paid to him under the Construction Contract, and such inspection services as OWNER may required to ascertain that Contractor(s) are complying with any law, rule or regulations applicable to their performance of the work.

7. Designate in writing a person to act as OWNER's representative with respect to the services to be rendered under this AGREEMENT. Such person shall have complete authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions with respect to materials, equipment, elements and systems pertinent to OWNER's services.

8. Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of any development that affects the scope of timing of ENGINEER's service, or any defect in the work of Contractor(s).

9. Bear all cost incidental to compliance with the requirement of this Article II.

ARTICLE III – PERIOD OF SERVICE

1. The provisions of this Article III and the various rates of compensation for ENGINEER's services provided for elsewhere in this AGREEMENT have been agreed to in anticipation of the orderly and continuous progress of the PROJECT through completion of the Post Construction Phase. ENGINEER's obligation to render services hereunder will extend for a period which may reasonably be required for the design, award of contracts, construction of the PROJECT including extra work and required extensions thereto, and post construction requirements.

2. Upon OWNER's written notice to proceed ENGINEER shall proceed with the performance of the work called for in Article I, the Scope of Work. The work shall be completed generally in accordance with the construction schedule and will terminate when each individual task has been completed and approved.

3. If OWNER has requested significant modifications or changes in the extent of the PROJECT, the time of performance of ENGINEER's services and his various rates of compensation shall be adjusted appropriately.

4. If ENGINEER's services during construction of the PROJECT are delayed or suspended in whole or in part by OWNER for more than one year for reasons beyond ENGINEER's control, or, if ENGINEER for any reason is required to render services after PROJECT completion, the various rates of compensation provided for elsewhere in this AGREEMENT shall be subject to renegotiations.

5. Services excluded which would required additional scope if requested include, but are not limited to, the following:

5.1 Providing administrative services during Bidding and/or Construction Phases which are outside of the basic fee structure such as: Work necessary to resolve bidding informalities or bidder appeals or administrative protests.

Investigations, meetings, and negotiations with the Contractors involving claims and legal complaints beyond the budget amount provided herein.

Additional work resulting from the delinquency or insolvency of the Contractors; or as a result of damage tot he PROJECT caused by fire, flood, earthquake, or other acts of God, all exclusive of additional work resulting from litigation.

Additional work resulting from strikes, walkouts, or other acts of trade or labor unions, or work required to resolve or achieve requirements related to minority labor or minority contractors.

Surveys and preparation of plats for easement acquisitions or property resolutions.

Work associated with more than two bid openings and two contracts.

5.2 Assistance in obtaining warranty repair after acceptance of the work.

5.3 Providing miscellaneous consulting and other services not designated on Exhibit 1 when requested by the OWNER which are required to complete the PROJECT in accordance with application regulations beyond the budget amount provided herein.

ARTICLE IV – COMPENSATION

1. As consideration for providing the design phase services outlined in Article I Section 1.0, the OWNER shall pay the ENGINEER a lump sum fee of $23,500.00.

2. As consideration for providing the construction phase services outlined in Article I Section 2.0, the OWNER shall pay the ENGINEER a lump sum fee of $12,500.00.

3. The Cost Ceiling above is based on an estimated work effort and expense level established by negotiation. Therefore, it is hereby agreed by the OWNER and ENGINEER that if any change of scope is deemed to have occurred from the original scope, the period of performance and the ceiling will be adjusted.

4. The ENGINEER may submit invoices to the OWNER once per month during the progress of the work. Such invoices shall be reviewed and approved by the OWNER for reimbursement. Payment will be made to the ENGIEER within 30 days following receipt of the invoice.

5. Final payment of any balance due the ENGINEER will be made upon completion of the respective tasks and their acceptance by the OWNER.

ARTICLE V – LEGAL RELATIONS

1. The ENGINEER shall comply with all federal, state, and local laws, regulations, and ordinances applicable to the work to be done under this AGREEMENT.

2. The ENGINEER hereby agrees to protect, defend, and indemnify the OWNER, its employees, and agents of and from any claims, damages, compensation, suits, actions, and expenses, relating to any and all losses or damages sustained by, or alleged to have been sustained by, any person, including employees of the parties hereto, and occasioned or allegedly occasioned by the negligent acts, errors or omissions of the ENGINEER while in any way engaged in the performance of this AGREEMENT. The ENGINEER shall maintain throughout the Period of Services defined in Article III of this AGREEMENT the following coverage:

2.1 Workmen's Compensation and Employer's Liability Insurance

Workmen's compensation any other insurance coverage as may be required by law in the State of Mississippi.

2.2 Comprehensive Automobile and Vehicle Liability Insurance

This insurance shall be written in comprehensive form and shall protect the ENGINEER and the OWNER against claims for injuries to members of the public and/or damages to property of others arising from employer's use of motor vehicles or any other equipment and shall cover operation with respect to operations under this AGREEMENT, and insurance coverage shall extend to any motor vehicles or other equipment irrespective of whether the same is owned, non-owned or hired. The limits of liability shall not be less than the following:

Bodily Injury	$ 100,000.00 each person
	$ 300,000.00 each occurrence
Property Damage	$ 100,000.00 each occurrence

2.3 Comprehensive General Liability

This insurance shall be written in comprehensive form including OWNER's and Contractors' protective products and operations insurance and shall protect the ENGINEER and the OWNER against claims arising from injuries to members of the public or damage to property of others arising out of any act or omission to act of the ENGINEER or any of its agents, employees or subcontractors. The limits of liability shall not be less than the following:

Bodily and Personal	$ 300,000.00 each person
Injury	$1,000,000.00 each occurrence
Property Damage	$ 500,000.00 each occurrence
	$ 500,000.00 aggregate

2.4 The insurance coverage specified above shall constitute minimum requirements.

3. Insurance furnished in compliance with the above must be with an insurance company either authorized to do business in the State of Mississippi or said policy shall be registered and delivered in accordance with the insurance laws of the State of Mississippi.

ARTICLE VI – TERMINATION OF CONTRACT

1. Unless earlier terminated as stipulated below, this AGREEMENT shall terminate upon completion and acceptance by the OWNER of all work specified in this AGREEMENT as it may hereafter be modified by the OWNER.

2. This AGREEMENT may be terminated in whole or in part by either party upon written notice (delivered by certified mail, return receipt requested) of intent to terminate.

3. Upon receipt of a termination action, the ENGINEER shall, (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) deliver or otherwise make available to the OWNER all data, reports, estimates, summaries, and such other information and materials as may have been accumulated by the ENGINEER in performing this AGREEMENT, whether completed or in process.

4. Upon termination pursuant to Article VI, paragraph 2 above, the OWNER may take over the work and prosecute the same to completion by agreement with another party or otherwise.

ARTICLE VII – CHANGES, AMENDMENTS

1. This AGREEMENT may be amended as mutually deemed necessary by the ENGINEER and the OWNER; such amendments shall be made a part of the AGREEMENT.

2. Nothing in this AGREEMENT shall preclude the ENGINEER and the OWNER from clarifying, adding to, or reducing the scope of the AGREEMENT and, where a change in scope is involved, from adjusting the accompanying compensation for work, which is essential to achieve the objective of the AGREEMENT.

ARTICLE VIII – MISCELLANEOUS

1. The materials to be furnished and the work to be performed by the ENGINEER shall be provided in strict compliance with the terms, provisions, and conditions of this AGREEMENT.

2. The ENGINEER shall furnish all materials and perform all work necessary to conduct and complete all work specified in this AGREEMENT and meet the schedule agreed to and incorporated herein.

3. All work under this AGREEMENT shall be performed in accordance with generally accepted professional standards, and shall be subject to inspection and acceptance of the OWNER. The ENGINEER shall be responsible for the technical adequacy of his work.

4. Control of means and methods of operation for all work accomplished in the ENGINEER's office, or in the field including provisions for any required safety precautions, shall be the responsibility of the ENGINEER.

5. All communications regarding this AGREEMENT will be directed to the OWNER through the person designated by the OWNER as the Project Manager.

6. Copies of letters, phone memos and other authorized communications with permitting agencies, contacted directly will be available to designated Project Manager at the ENGINEER's office.

7. This AGREEMENT (consisting of Pages 1 to 16 inclusive) together with the Exhibit identified herein constitute the entire AGREEMENT between the OWNER and ENGINEER and supersede all prior written or oral understandings. This AGREMENT and said Exhibits may only be amended, supplemented, modified or canceled by a duly executed written instrument.

8. The Office of Pollution Control shall have access to any books; documents, papers and records related to the PROJECT and have the right to audit the records of the PROJECT.

IN WITNESS WHEREOF, the parties hereto have been made and executed this AGREEMENT as of the day and year first above written.

ACCEPTED FOR OWNER:	ACCEPTED FOR ENGINEER
CITY OF PICAYUNE	COMPTON ENGINEERING, P.A.
_____	/s/ Geoffrey F. Clemens
Greg Mitchell, Mayor	Geoffrey F. Clemens, P.E., Vice President
ATTEST	ATTEST
_____	/s/ L. Stacie MyRick
	L. Stacie MyRick, Administrator

EXHIBIT 1
SCOPE OF WORK
WATER WELL REHABILITATION

The purpose of the project is to provide design and construction phase services for items outlined in the Facilities Plan dated June 2000.

DESIGN

During the design phase, Compton Engineering, P.A. will provide plans and specifications for the completed project for OWNER's review and subsequent bidding phase services.

CONSTRUCTION

The construction is subdivided into three (3) phases:

Bidding Phase
Construction Phase
Post Construction Phase

During the Bidding Phase, Compton Engineering, P.A. will respond to bidder's questions; prepare addendum; receive bids; evaluate bids; and make recommendation to the OWNER regarding the acceptability of the apparent low bidder.

During the Construction Phase, Compton Engineering, P.A. will provide a resident observer; review partial pay request; prepare change orders; and provide contract administrative services.

The Post Construction Phase of the project will primarily include preparation of record drawings for future use by the OWNER.

EXHIBIT 2
STAFFING REQUIREMENTS FOR
WATER WELL REHABILITATION

The staffing for construction observation on the program is outlined below. This staffing plan will provide the City with adequate engineering construction observation at a reasonable cost. The plan includes construction observations detailed as follows:

Resident Observation: This type of service during construction will place an individual employed by our firm on the job site during all phases of activity.

Periodic Observations: This type of service during construction will provide for an individual to periodically check the construction process on an as needed basis.

A resident observer will be placed on the project whenever the following activities are underway:

- Removing and replacing existing well motors.
- Making casing repairs.
- Testing of back-up generators.
- All testing and disinfecting.

Periodic observation will be accomplished on the project whenever the following activities are underway:

- Well start-up.
- Calibration and verification of flow meters.

EXHIBIT 3
A LISTING OF THE DUTIES, RESPONSBILITIES AND LIMITATIONS OF AUTHORITY OF THE RESIDENT PROJECT REPRESENTATIVE

This is an Attachment to Exhibit 2, made a part of an incorporated by reference with the Agreement made on_____, 20___, between City of Picayune (OWNER) and Compton Engineering, P.A. (ENGINEER) providing for professional engineering services.

ENGINEER shall furnish a Resident Project Representative (RPR), assistants and other field staff to assist ENGINEER in observing performance of the work of Contractor.

Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the RPR and assistants, ENGINEER shall endeavor to provide further protection for OWNER against defects and deficiencies in the work of CONTRACTOR; but, the furnishing of such services will not make ENGINEER responsible for or given ENGINEER control over construction means, methods, techniques, sequence or procedures or for safety precautions or programs, or responsibility for CONTRACTOR's failure to perform the Work in accordance with the *Contract Documents and in particular the specific limitations set forth in paragraph 1.6 of* the General Provisions to the Letter Agreement are applicable.

The duties and responsibilities of the RPR are limited to those of ENGINEER in ENGINEER's agreement with the OWNER and in the construction Contract Documents, and are further limited and described as follows:

A. General

RPR is ENGINEER's agent at the site, will act as directed by and under the supervision of ENGINEER, and will confer with ENGINEER regarding RPR's actions. RPR's dealings in matters pertaining to the on-site work shall in general be with ENGINEER and CONTRACTOR keeping OWNER advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of CONTRACTOR. RPR shall generally communicate with OWNER with the knowledge of and under the direction of ENGINEER.

B. Duties and Responsibilities of RPR

1. *Schedules:* Review the progress schedule, schedule of Shop Drawing submittals and schedule of values prepared by CONTRACTOR and consul with ENGINEER concerning acceptability.
2. *Conferences and Meetings:* Attend meetings with CONTRACTOR, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
3. *Liaison:*
   a. Serve as ENGINEER's liaison with CONTRACTOR, working principally through CONTRACTOR's superintendent and assist in understanding the intent of the Contract Documents; and assist ENGINEER in serving as OWNER's liaison with CONTRACTOR when CONTRACTOR's operations affect OWNER's on-site operations.
   b. Assist in obtaining from OWNER additional details or information, when required for proper execution of the Work.
4. *Shop Drawings and Samples:*
   a. Record date of receipt of Shop Drawings and samples.
   b. Receive samples, which are furnished at the site by CONTRACTOR, and notify ENGINEER of availability of samples for examination.
   c. Advise ENGINEER and CONTRACTOR of the commencement of any Work requiring a Shop Drawing or sample if the submittal has not been approved by ENGINEER.
5. *Review of Work, Rejection of Defective Work, Inspections and Tests:*
   a. Conduct on-site observations of the Work in progress to assist ENGINEER in determining if the Work is in general proceeding in accordance with the Contract Documents.
   b. Report to ENGINEER whenever RPR believes that any Work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise ENGINEER of Work that RPR believes

should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.

c. Verify that tests, equipment and systems start-up and operating and maintenance training are conducted in the presence of appropriate personnel, and that CONTRACTOR maintains adequate records thereof; and observe records and report to ENGINEER appropriate details relative to the test procedures and start-ups.

d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections and report to ENGINEER.

6. *Interpretation of Contract Documents:* Report to ENGINEER when clarifications and interpretations of the Contract Documents are needed and transmit to CONTRACTOR clarifications and interpretations as issued by ENGINEER.

7. *Modifications:* Consider and evaluate CONTRACTOR's suggestions for modifications in Drawings or Specifications and report with RPR's recommendations to ENGINEER. Transmit to CONTRACTOR decisions as issued by ENGINEER.

8. *Records:*

a. Maintain at the job site orderly files for correspondence, reports of job conferences, Shop Drawings and samples, reproductions of original Contract documents including all Work Directive Changes, Addenda, Change Orders, Field Orders, additional Drawings issued subsequent to the execution of the Contract, ENGINEER's clarifications and interpretations of the Contract Documents, progress reports, and other Project related documents.

b. Keep a diary or log book, recording CONTRACTOR hours on the job site, weather conditions, data relative to questions of Work Directive Changes, Change Orders or changed conditions, list of job site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures and send copies to ENGINEER.

c. Record names, addresses and telephone numbers of all CONTRACTORS, subcontractors and major suppliers of materials and equipment

9. *Reports:*

a Furnish ENGINEER periodic reports as required by progress of the Work and of CONTRACTOR's compliance with the progress schedule and schedule of Shop Drawings and sample submittals.

b. Consult with ENGINEER in advance of scheduled major tests, inspections or start of important phases of the Work.

c. Draft proposed Change Orders and Work Directive Changes, obtaining backup material from CONTRACTOR and recommended to ENGINEER Change Orders, Work Directive Changes, and Field Orders.

d. Report immediately to ENGINEER and OWNER upon the occurrence of any accident.

10. *Payment Requests:* Review applications for payment with CONTRACTOR for compliance with the established procedure for their submission and forward with recommendations to ENGINEER, noting particularly the relationship of the payment requested to the schedule of values, Work completed and materials and equipment delivered at the site but no incorporated in the Work.

11. *Certificates, Maintenance and Operation Manuals:* During the course of the Work, verify that certificates, maintenance and operations manuals and other data required to be assembled and furnished by CONTRACTOR are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to ENGINEER for review and forwarding to OWNER prior to final payment for the Work.

12. *Completion:*

a. Before ENGINEER issues a Certificate of Substantial Completion, submit to CONTRACTOR a list of observed items requiring completion or correction.

b. Conduct final inspection in the company of ENGINEER, OWNER, AND CONTRACTOR and prepare a final list of items to be completed or corrected.

c. Observe that all items on final list have been completed or corrected and make recommendations to ENGINEER concerning acceptance.

C. **Limitations of Authority**

Resident Project Representative:

1. Shall not authorize any deviation from the Contract Documents or substitution of materials or equipment, unless authorized by ENGINEER.
2. Shall not exceed limitations of ENGINEER's authority as set forth in the Agreement or the General Provisions to the Letter Agreement or the Contract Documents.
3. Shall not undertake any of the responsibilities of CONTRACTOR, subcontractors or CONTRACTOR's superintendent.
4. Shall not advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of construction unless such advice or directions are specifically required by the Contract Documents.
5. Shall not advise on, issue directions regarding or assume control over safety precautions and programs in connection with the Work.
6. Shall not accept Shop Drawing or sample submittals from anyone other than CONTRACTOR.
7. Shall not authorize OWNER to occupy the project in whole or in part.
8. Shall not participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by ENGINEER.

EXHIBIT 4
COMPTON FEE SCHEDULE

Compton Engineering, P.A.
2000Hourly Rates

Classification	Hourly Rate
Engineer Principal	$ 85.00
Engineer I	$ 65.00
Project Manager	$ 55.00
Environmental Specialist	$ 55.00
Sr. Engineer Assistant	$ 55.00
Sr. Design Technician	$ 55.00
Design Technician	$ 52.00
Technician	$ 45.00
Resident Project Representative	$ 45.00
Business Manager	$ 45.00
Clerical	$ 25.00
Two Man Survey Crew	$ 80.00
Three Man Survey Crew	$ 95.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the monthly claims docket for July, 2001 in the total amount of $293,952.55. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED AUGUST 7, 2001

COMMUNICATION FROM JIM ASKEW

Mr. Jim Askew addressed the Council regarding the appearance and cleanliness of the City's cemeteries and to express his pleasure with the job performance of Mr. Auburn Smith, Cemetery Sexton, and the Cemetery crew. No official action was taken.

COMMUNICATION FROM BUFORD CLARK WITH WASTE MANAGEMENT

Mr. Buford Clark of Waste Management addressed the Council regarding their solid waste contract. Mr. Clark stated that Waste Management had some problems in June and July in meeting the weekly rubbish collection schedule but has completed the schedule in the last few weeks. Councilmember Guy expressed concern over the fact that Waste Management has not purchased any equipment to assist with loading rubbish and large items. Mr. Clark stated that they were still evaluating their needs in that area. The Council expressed concern over the contract performance of Waste Management thus far. Mr. Clark stated that they are fully capable and willing to provide the services required under the current contract. No official action was taken.

COMMUNICATION FROM RICKY LEE WITH THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION

Upon request of the City Manager, Mr. Ricky Lee of the Mississippi Department of Transportation addressed the Council regarding the status of the proposed Highway 11 Project. No official action was taken.

CONSIDER APPOINTMENT TO THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION BOARD

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to re-appoint Billie Edwards to the Pearl River County Development Association Board for a term to coincide with the term of the Mayor and Council and will expire June 30, 2005. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON SURPLUS PROPERTY

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to accept the bid from Mr. James Braddock in the amount of $200 for property located behind 621 Bales Avenue and authorize the Mayor to sign the deed. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED AUGUST 7, 2001

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISISON

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the minutes of the Planning Commission dated July 31, 2001 and August 2, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISISON

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to accept the minutes of the Planning Commission dated June 21, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR FRONT YARD VARIANCE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to approve the request of Stanley and Bettye King for a 10' front yard variance for lot 71, Unit 2 Chateauguay Subdivision on Provost Circle. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR REAR YARD VARIANCE

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to approve the request of First United Methodist Church for an 18' rear yard variance for their proposed Christian Activities Building on North Haugh Avenue. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED AUGUST 7, 2001

CONSIDER LAND SUBDIVISION PLAT APPROVAL

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the land subdivision plat for land located on the north side of Highway 43 South and owned by the G.H. Williams Estate. The plat contains parcel #1 containing approximately 1 acre and parcel #2 containing approximately 20 acres. The property is located just east of Interstate 59. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO REZONE PROPERTY LOCATED ON HIGHWAY 43 SOUTH

The following ordinance to rezone 20 acres located on Highway 43 South from A-1 to C-3 was presented for consideration

ORDINANCE NO.756

AN ORDINANCE TO REZONE THE FOLLOWING DESCRIBED PROPERTY FROM A-1, AGRICULTURE DISTRICT, TO C-3, HIGHWAY COMMERCIAL DISTRICT.

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In meeting Duly Assembled:

Section 1. That the following described property shall be rezoned from A-1, Agriculture District, to C-3, Highway Commercial District.

Parcel 1 and 2

the Northeast Corner of the Southwest ¼ of the Southwest ¼ of Section 12-T6S R17W, in Pearl River County, Mississippi, being the Point of Beginning, go south 89 degrees 39 minutes 54 seconds East-152.57 feet; thence go North 89 degrees 44 minutes 46 seconds East-1.56 feet; thence go South 1150.92 feet to the North right-of-way line of Miss. Hwy 43; thence go along said line in four courses, North 89 degrees 38 minutes 36 seconds West-111.21 feet; South 87 degrees 48 minutes 39 seconds West-225.14 feet; South 86 degrees 45 minutes 08 seconds West-159.06 feet; North 82 degrees 03 minutes 13 seconds West-151.43 feet to a point on the easterly right-of-way line of Interstate Hwy 59; thence go along said line in five courses; North 56 degrees 53 minutes 46 seconds West-137.96 feet; North 15 degrees 27 minutes 15 seconds West-123.92 feet; North 01 degrees 42 minutes 35 seconds East 273.67 feet; North 05 degrees 50 minutes 22 seconds East 417.04 feet; North 25 degrees 14 minutes 42 seconds East-303.57 feet; thence go East 459.35 feet to the Point of Beginning.
Containing in all 20.00 acres of land and being situated in the south half of the Southwest ¼ of Section 13-T6S-R17W, Pearl River County, Mississippi.

Section 2. Severability, Conflict and Effective Date

Should any section, clause, paragraph, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provisions of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective thirty (30) days after its adoption and publication by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi.

The forgoing ordinance, having first been reduced to writing, was moved upon by Councilmember Guy, seconded by Councilmember Roberson, and voted upon as follows:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried and the ordinance adopted.

CONSIDER REQUEST TO SELL PROPERTY AT THE INDUSTRIAL PARK

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to acknowledge the intent to sell a five acre plot of land in the Industrial Park to Rheogistics, LLC and to propose a two year option to purchase an additional five acre plot at the fair market value at the time of sale. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ESTABLISHING RENTAL FEES FOR T-HANGARS

The following ordinance establishing rental fees for the large T-hangar unit at the Picayune Municipal Airport was presented for consideration:

ORDINANCE NO. 757

AN ORDINANCE SETTING THE PRICE FOR LARGE T-HANGAR RENTAL AT THE PICAYUNE MUNICIPAL AIRPORT

Be It Ordained by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi as follows:

SECTION 1. Definition of Property

The Airport Manager hereby has the authority to rent on a daily, weekly or monthly basis the large T-Hangar unit located on the south end of the T-Hangar building. The unit may be rented for storage of aircraft only and may not be rented on a long-term basis.

SECTION 2. Prices

The Airport Manager hereby has the authority to set prices at his/her discretion within the following guidelines based on the size of the aircraft:

Single engine aircraft	$5.00/day	$100.00/month
Light twin engine aircraft	$10.00/day	$150.00/month
Jet engine aircraft	$25.00 to $50.00/day	

SECTION 3. Severability, Conflict and Effective Date

Should any section, clause, paragraph, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity or any other section, clause, paragraph, provision, or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provision of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective thirty (30) days after its adoption and publication by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Roberson, seconded by Councilmember Bounds, and voted upon as follows:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried and the ordinance adopted.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter executive session to discuss two matters of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss two matters of potential litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Parker, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed two matters of potential litigation and took no action.

REGULAR MEETING DATED AUGUST 7, 2001

APPOINTMENT OF CITY ATTORNEY

Motion was made by Councilmember Bounds, seconded by Councilmember Roberson, to appoint Nathan Farmer as City Attorney. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to recess until Tuesday, August 21, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

August 21, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, August 21, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Gerald Cruthird and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Councilmember Watts, followed by the Pledge of Allegiance led by Councilmember Roberson.

ORDER TO APPROVE PREVIOUS MINUNTES

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the minutes of the Mayor and Council dated July 31, 2001 and August 7, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 422 BALES AVENUE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of October 16, 2001 at 6:00 p.m. for a property cleanup public hearing for 422 Bales Avenue. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 2306 JACKSON LANDING ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of October 16, 2001 at 6:00 p.m. for a property cleanup public hearing for 2306 Jackson Landing Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy

and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 203 SOUTH BLANKS AVENUE

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of October 16, 2001 at 6:00 p.m. for a property cleanup public hearing for 203 South Blanks Avenue. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 1302 AUSBORN ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set the date and time of October 16, 2001 at 6:00 p.m. for a property cleanup public hearing for 1302 Ausborn Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the issuance of the following manual checks:

Entex	Utility	$ 15,624.00
MGAM	Utility	$ 44,457.72
Gulf South Pipeline	Utility	$ 13,903.12
UMC	Utility	$ 1,000.00
Walters Const. Co.	Airport	$ 90,758.93
SEMPAC	General	$ 135.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED AUGUST 21, 2001

ACKNOWLEDGE ATTENDANCE AT TRAINING FOR COURT CLERK

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge Robin Thomas' attendance at the Municipal Court Clerk's Summer Seminar held on July 10, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the monthly Budget Report for July 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PICAYUNE/PEARL RIVER COUNTY AIRPORT BOARD

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the minutes of the Picayune/Pearl River County Airport Board dated August 6, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF RETIREMENT DEVELOPMENT MONTHLY ACTIVITIES REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the Retirement Development Monthly Activities Report dated July 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED AUGUST 21, 2001

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the minutes of the Pearl River County Development Association (PRCDA) dated June 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the request from the Picayune Touchdown Club to advertise resources of the City by purchasing an ad in the football program in the amount of $200.00 and to issue a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign a quitclaim deed in the name of Picayune Aviation on parcel #617-516-001-05-004-00 for 1997 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the Public Records Report for July 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED AUGUST 21, 2001

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to void the 1998 and 1999 tax sales for parcel # 617-623-001-02-057-02, due to double assessment by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to void the 1998 and 1999 tax sales for parcel #617-614-003-02-040-00, due to erroneous assessment by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to block off a portion of 5th Avenue between the Junior High School and the High School from 1:00 p.m. to 3:30 p.m. on September 15, 2001 for Riot Control Training sponsored by the National Guard. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

BOYS AND GIRLS CLUB

Dawn Bechtel, Unit Director of the Picayune Unit of the Boys & Girls Clubs of the Gulf Coast, addressed the Council regarding the accomplishments of the Club since its start in November 1998. Bob Hatten, President of the Board of Directors, thanked the Council for their previous support and asked for future funding. No official action was taken.

CONSIDER APPOINTMENT TO ELECTION COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to appoint Shirley Stough, Gladys Vaughn and Janice Young to the Election Commission for a four-year term to expire in August 2005. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy

and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO WAIVE METER DEPOSIT REQUIREMENT

Upon recommendation of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to table the request from Geo Resources, Inc. to waive the meter deposit required by Ordinance 660 on their utility (gas) account. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

NOISE PERMIT REVIEW

Scott Malone, owner of Audio Adventure, addressed the Council regarding a recent complaint against noise generated by his business. Motion was made by Councilmember Guy, to table any action on the continuation of the noise permit and to send the noise ordinance to the Planning Commission to review. Motion died for lack of a second. Motion died for lack of a second. The City Manager stated that the Police Department could patrol the area surrounding the business to check for possible noise violations of the business and/or customers entering or leaving the business. No official action was taken.

DELIVERY OF AUDIT REPORT FPR THE YEAR ENDED SEPTEMBER 30, 2000

Steve Dockens of Moore & Powell CPAs, P.A. delivered the audited financial statements and unqualified audit report for the year ended September 30, 2000. No official action was taken.

ORDER TO SET DATE FOR PUBLIC HEARING CONCERNING THE BUDGET FOR THE YEAR ENDING SEPTEMBER 30, 2001

Motion was made by Councilmember Bounds, seconded by Councilmember Roberson, to set the date and time of September 4, 2001 at 6:00 p.m. in the Courtroom of the Criminal Justice Center for a public hearing concerning the budget for the year ending September 30, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED AUGUST 21, 2001

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1006 BAYLOUS STREET

A public hearing on the condition of the property located at 1006 Baylous Street and owned by Charlene Christmas was held. The Grants Administrator reported that no cleanup had been done, but owner was requesting a 30-day extenuation. Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to continue the public hearing until September 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 317 WEEMS AVENUE

A public hearing on the condition of the property located at 317 Weems Avenue and owned by Antoinette Gillis was held. The Grants Administrator reported that the property has been cleaned. No action was taken.

CONSIDER BID AWARD ON TELEPHONE SYSTEM

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to award the bid on the telephone system for the Police Department to the low bidder, Communications Resource Corp. , in the amount of $14, 300.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER GRANT AGREEMENT BETWEEN THE CITY OF PICAYUNE AND FAA FOR 2001 FAA PROJECT

Upon recommendation of the Grants Administrator, motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Mayor to sign the following grant agreement with FAA for the 2001 FAA Airport Project:

GRANT AGREEMENT

Date of Offer: July 30, 2001
Project Number 3-28—0060-0801
Contract Number DTFA06-01-A-80128

RECIPIENT: CITY OF PICAYUNE, MISSISSIPPI (Herein called Sponsor)

PICAYUNE MUNICIPAL AIRPORT

OFFER

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THEUNITED STATES, HEREBY OFFERS AND AGREES to pay, as the United States' share, 90 percent of the allowable costs incurred in accomplishing the project consisting of the following:

Install non-precision approach aid (NDB); construct hangar access taxiway (550' X 50")

as more particularly described in the Project Application dated July 26, 2001.

RECESSED MEETING DATED AUGUST 21, 2001

The maximum obligation of the United States payable under this Offer shall be $190,934.00 for airport development.

This offer is made in accordance with and for the purpose of carrying out the provisions of Title 49, United States Code, herein called Title 49 U.S.C. Acceptance and execution of this offer shall comprise a Grant Agreement, as provided by Title 49 U.S.C., constituting the contractual obligations and rights of the United States and the Sponsor.

UNITED STATESOF AMERICA
FEDERAL AVIATION ADMINISTRATION

/s/ Wayne Atkinson
Manager, Airports District Office
Jackson, MS

ACCEPTANCE

The Sponsor agrees to accomplish the project in compliance with the terms and conditions contained herein and in the document "Terms and Conditions of Accepting Airport Improvement Program Grants" dated September 1, 1999.

Executed this _____ day of _____, 2001.

CITY OF PICAYUNE, MISSISSIPPI

(Seal)

Attest	Signature of Sponsor's Designated Official Representative
Title	Title

CERTIFICATE OF SPONSOR'S ATTORNEY

I, _____, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Mississippi. Further, I have examined the foregoing Grant Agreement, and the actions taken by said Sponsor relating thereto, and find that the acceptance thereof by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and Title 49 U.S.C. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Signature of Sponsor's Attorney	Date

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED AUGUST 21, 2001

CONSIDER AGREEMENT FOR ADMINISTRATIVE SERVICES WITH SOUTHERN MISSISSIPPI PLANNING AND DEVELOPMENT DISTRICT FOR EDA/CHEVRON PROJECT

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to authorize the Mayor to sign the following agreement with Southern Mississippi Planning and Development District for the EDA/Chevron Project:

SERVICES NOT PROVIDED

I. Financial Management

Although the DISTRICT will assist the CITY in financial management, the DISTRICT will not keep financial records on a day-t-day –basis.

II. Program Management

A. The DISTRICT will not provide engineering or architectural services to CITY. The DISTRICT will, however, assist the CITY in the proper procurement of other needed professional services.

B. The DISTRICT will not provide direct legal services to the CITY.

C. The DISTRICT will not provide day-to-day record keeping for program files.

D. The DISTRICT will not provide direct services to the citizens of the CITY. The CITY's officials will be responsible for direct services.

GENERAL CONTRACT PROVISIONS

I. Termination of Contract

A. The CITY or the DISTRICT may terminate this agreement at any time for cause and for convenience by giving at least thirty (30) days notice in writing to the other party. If the AGREEMENT is terminated by the CITY as provided herein, the DISTRICT will be paid for the time provided and expenses incurred up to the termination date.

B. Notwithstanding the above, the DISTRICT shall not be relieved of liability to the CITY for damages sustained by the CITY by virtue of any breach of the AGREEMENT by the DISTRICT, and the CITY may withhold any payments to the DISTRICT for the purpose of set-off until such time as the exact amount of damages due the CITY from the DISTRICT is determined.

II. Breach of Contract

In addition to the provisions for termination of this AGREEMENT as set forth in the preceding section, the CITY reserves the right to terminate this AGREEMENT for breach of any contract terms or conditions.

III. Changes in Scope of Services

The CITY may, from time to time, request changes in the scope of services of the DISTRICT to be performed hereunder. Such changes, including any increase or decrease in the amount of the DISTRICT's compensation, which are mutually agreed upon by and between the CITY and the DISTRICT, shall be incorporated in written amendments to this AGREEMENT.

IV. Record Retention

The DISTRICT will maintain all project records for a minimum of three years after the project is closed-out, or until such time as any outstanding legal matters, monitoring findings or audit exceptions are reconciled or satisfied.

V. State/Federal Access to Records and Right to Audit

The DISTRICT will allow authorized representatives of the U.S. Department of Commerce and/or the Comptroller General of the United States access to and the right to inspect, copy, audit, and examine all such books, records, and other documents until the completion of all close-out procedures respecting this grant and the final settlement and conclusion of all issues arising out of this grant.

COMPENSATION

I. Costs

A. This AGREEMENT is on an actual costs basis. All invoices generated by the DISTRICT in the administration of the CITY's EDA grant, will be compensated for by the CITY, up to a maximum of up to $25,000.00 for administration and legal services, as allowed under the EDA grant.

II. Total Compensation and Time-Frame for Completion of Agreement

A. For budgeting purposes, the following provisions are made: The maximum compensation payable to the DISTRICT under the provisions of this AGREEMENT for project administration is twenty-five thousand dollars ($25,000.00) and the maximum time allowed for completion of this AGREEMENT is thirty (30) months beginning on May 30, 2001, and is inclusive of all services rendered by the DISTRICT from that date. If either the maximum compensation is incurred as invoiced by the DISTRICT or the maximum time has elapsed for completion of services by the DISTRICT, this AGREEMENT shall be terminated or amended at the agreement of the CITY and the DISTRICT.

B. Notwithstanding the above, the DISTRICT shall not invoice the CITY the maximum compensation payable under this AGREMENT until the DISTRICT has completed the services required by the grant.

C. The DISTRICT will invoice the CITY not more often than once every month only for services provided to that point by the DISTRICT. No prepayment for administrative services is allowable under this AGREEMENT.

FEDERAL STANDARDS PROVISIONS

The following federal provisions will be adhered to by the DISTRICT:

I. Equal Employment Opportunity

During the performance of this AGREEMENT, the DISTRICT agrees as follows:

A. The DISTRICT will not discriminate against any employee or applicant for employment because of race, creed, sex, color, or national origin. The DISTRICT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, sex, color, or national origin. Such actin shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The DISTRICT agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

B. The DISTRICT will, in all solicitation or advertisements for employees placed by or on behalf of the DISTRICT, state that all qualified applicants will received consideration for employment without regard to race, creed, color, sex, or national origin.

C. The DISTRICT will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this AGREEMENT so that such provisions will be binding upon each subcontractor, providing that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

II. Civil Rights Act of 1964

Under Title VI of the Civil Rights Act of 1964, no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

III. Interest of Members of the CITY

No member of the governing body of the CITY and no other officer, employee, or agency of the CITY who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this AGREEMENT; and the DISTRICT shall take appropriate steps to assure compliance.

IV. Interest of Other Local Public Officials

No members of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this AGREEMENT; and the DISTRICT shall take appropriate steps to assure compliance.

V. Interest of DISTRICT and Employees

The DISTRICT covenants that it presently has no interest

and shall not acquire interest, direct or indirect, in the project area or any parcels therein or any interest which would conflict in any manner or degree with the performance of this service hereunder. The DISTRICT further covenants that, in the performance of this AGREEMENT, no persons having any such interest shall be employed.

AGREEEMENT

IN WITNESS WHEREOF the parties hereto have made and executed this Agreement as of this the_____day of_____, the year of 2001.

_____	/s/ Leslie Newcomb
Greg Mitchell, Mayor	Leslie Newcomb, Executive Director
City of Picayune	Southern Mississippi Planning and Development District
_____	/s/ Betsy Holmes
(Witness)	Betsy Holmes, Deputy Director Southern Mississippi Planning and Development District
(City of Picayune Seal)	(S.M.P.D.D. Seal)

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR MATERIAL FOR WATER AND SEWER IMPROVEMENTS AT THE PICAYUNE MUNICIPAL AIRPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Purchasing Agent to advertise for bids for material for water and sewer improvements at the Picayune Municipal Airport related to the EDA/Chevron Project. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CHANGE ORDER

Upon request of the City Manager, motion was made by Councilmember Robertson, seconded by Councilmember Watts, to approve Change Order #1 in the amount of $13,600 to the contract with Walters Construction Co., Inc. for sitework improvements at the Airport. The new contract total is $183,586.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter executive session to discuss two matters of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meting to publicly announce that the Council would enter executive session to discuss .

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Parker, and unanimously carried, the Mayor reopened the meting. The Mayor stated that while in executive session the Council discussed two matters of potential litigation and took no action.

ORDER TO ADJOURN

Motion was made by Councilmember Bounds, seconded by Councilmember Watts to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

September 4, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, September 04, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, and Jerry Bounds, Interim City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Councilmember Parker, followed by the Pledge of Allegiance led by Councilmember Watts.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to approve the minutes of the Mayor and Council dated August 21, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to acknowledge receipt of the minutes of the Pearl River County Development Association Board dated June 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Parker, seconded by Councilmember Roberson, to authorize the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $ 50,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Parker, seconded by Councilmember Roberson, to authorize the Mayor to sign a quitclaim deed in the name of Hilarie Courtney on parcel # 617-000-00-058-00 for 1995-1997 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Parker, seconded by Councilmember Roberson, to authorize the Mayor to sign a quitclaim deed in the name of Clint Adams on parcel # 616-000-00-022-05 for 1997 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN MEMORANDUM OF UNDERSTANDING

Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to authorize the Mayor to sign the following Memorandum of Understanding with Pearl River Valley Opportunity, Inc.

MEMORANDUM OF UNDERSTANDING/AGREEMENT WITH ENERGY VENDORS CSBG/LIHEAP FY 2002/FY2003

Pearl River Valley Opportunity, Inc. (PRVO) is dedicated to providing efficient and timely payments to energy vendors on behalf of our client, and we appreciate the coordination efforts and informal agreements shared between PRVO and all of its energy

vendors. We propose to enter into a memorandum of understanding with PICAYUNE UTILITY DEPARTMENT to provide the following:

1. PRVO will provide direct cash assistance if funds are available, consumer education, and energy counseling to low-income households to offset the high cost of energy.
2. PRVO will submit computerized printouts to vendors indicating the clients' name, account numbers, and amount of financial energy assistance.
3. PRVO will submit payments to energy vendors within 30 days of submitting computerized printout.

As part of this agreement, PICAYUNE UTILITY DEPARTMENT agrees to the following:

1. Note and/or credit clients' accounts with the amount of cash assistance pledged by PRVO in order to prevent interruption in energy services.

This agreement between the two parties is entered into on _____, 2001.

Helmon Johnson, Executive Director
PRVO Authorized Official

Signature /s/ Helmon Johnson Date 8/28/01

Signature Date

Address City, State and Zip Code

MEMORANDUM OF UNDERSTANDING
CSGB/LIHEAP FY 2002

This agreement is made and entered into on_____between Pearl River Valley Opportunity, Inc. and the City of Picayune.

As part of this agreement, Pearl River Valley Opportunity, Inc. (PRVO) will provide the City of Picayune and/or its eligible clients or constituents with assistance through the Community Services Block Grant (CSBG) and Low Income Home Energy Program (LIHEAP) if funds are available. Through CSBG, PRVO will provide case management and financial assistance in areas such as employment, education, housing, health, nutrition, emergency assistance, income management, and transportation. PRVO's primary goal with CSBG is to move individuals from dependency to self-sufficiency. Through LIHEAP, PRVO will provide direct cash assistance, counseling, etc. to low-income households to offset the high cost of energy.

As part of this agreement the City of Picayune agrees to provide PRVO and/or its eligible clients with the following if funds and/or services are available:

1. Provide support to PRVO's programs and activities
2. Refer individuals to PRVO for assistance

Both parties also agree to the following guidelines:

Each party is responsible for its own documentation to be made on the services provided. It is agreed by both parties that the content of the Memorandum of Understanding will be renewed, evaluated and updated if deemed necessary. Both parties agree that no element of this agreement will be constructed to imply any form of financial obligation or liability, nor confer on one party the capacity to represent or act as an agent of the other.

Signed and Dated:

Printed Name and Title of PRVO Authorized Official

Helmon Johnson Executive Director
Name Title

/s/ Helmon Johnson 8-20-01
Signature Date

Printed Name and Title of Agency Authorized Official

Name	Title
Signature	Date
Address	City and State

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to grant the request of the Picayune/Main Street/Downtowners Association to hold the annual fall Street Fair to be held November 3 and 4, 2001 and to approve the closure of West Canal Street from Herman Street to North Main Street and the closure of East Canal Street from North Steele Avenue to Highway 11. The street closures are approved from 6:30 p.m. on November 2, 2001 until 7:00 p.m. on November 4, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

CONSIDER REQUEST FROM GEO RESOURCES, INC. TO WAIVE METER DEPOSIT ON UTILITY ACCOUNT

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to deny the request from Geo Resources, Inc. to waive the meter deposit required by Ordinance 660 on their utility (gas) account and to require that Geo Resources, Inc. to provide a $10,000 irrevocable Letter of Credit from the financial institution of Geo Resources, Inc. in lieu of the meter deposit. The terms of the irrevocable letter of credit are as follows:

1. The Letter of Credit must be drafted by Geo's attorney and/or financial institution and must be approved by the City attorney.
2. The Letter of Credit must state that it is provided in lieu of a deposit on Geo's gas account with the City of Picayune.
3. The Letter of Credit must state that it can be drawn upon by the City to satisfy Geo's unpaid account. The terms of the account will be that the total charges are due in full within twenty (20) days of the billing date. If the account is unpaid after those twenty (20) days, Geo will be notified in writing that their account is past due. They will have ten (10) days to satisfy the account in

full. On the thirtieth (30th) day after the billing date, the City will notify the issuer of the Letter of Credit and obtain sufficient funds to satisfy your account, including any late fees.

4. The Letter of Credit must be renewed annually.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

At this time Councilmember Guy entered meeting.

CONSIDER REQUEST TO WAIVE UTILITY METER DEPOSIT FOR THE PICAYUNE HIGH SCHOOL SWIM TEAM

Motion was made by Councilmember Watts, seconded by Councilmember Parker, to approve the waiver of the $150 gas deposit for the Picayune High School Swim Team who will be using natural gas to heat the pool at the CornerStone due to the fact that they will only use gas for one month each year and that the account will be guaranteed by the School System. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR ANNEXATION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the request for annexation for an 11.39-acre parcel located on the east side of the Wal-Mart shopping center and to adopt the following ordinance related to that annexation:

ORDINANCE NO. 758

AN ORDINANCE ENLARGING THE CORPORATE LIMITS AND BOUNDARIES OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI, DEFINING WITH CERTAINTY THE TERRITORY INCLUDED WITHIN THE CORPORATE LIMTS AND DEFINING THE ENTIRE BOUNDARY AS CHANGED BY THIS ORDINANCE, AND DESCRIBING IN GENERAL TERMS THE IMPROVEMENTS TO BE MADE IN THE ANNEXED TERRITORY AND DESCRIBING THE MUNICIPAL OR PUBLIC SERVICES WHICH ARE TO BE RENDERED IN THE ANNEXED TERRITORY.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITYOF PICAYUNE, MISSISSIPPI:

SECTION 1. That upon and after this Ordinance takes effect, the Corporate limits of the City of Picayune, Mississippi, shall be enlarged or extended by including

therein the adjacent unincorporated territory situated in Pearl River County, Mississippi, described as follows, to-wit:

Commencing at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 23, Township 6 South, Range 17 West, Pearl River County, Mississippi, thence South 60 degrees 59 minutes 28 seconds East 779.45 feet to a point of beginning; thence North 29 degrees 00 minutes 32 seconds East 1337.56 feet; thence South 1529.44 feet; thence North 60 degrees 59 minutes 28 seconds West 741.69 feet to the point of beginning. This parcel containing 11.39 acres and being a part of the Northwest Quarter of Section 24, Township 6 South, Range 17 West, Pearl River County, Mississippi.

SECTION 2. That upon and after the date when this Ordinance takes effect the corporate limits and boundaries of the City of Picayune, Mississippi, as changed by this Ordinance shall be as follows, to-wit:

Beginning at the Southwest corner of the Northeast Quarter of the Southwest Quarter of Section 21, Township 6 South, Range 17 West, Pearl River County, Mississippi; thence South 200 feet, more or less, to the South right-of-way of Jackson Landing Road; thence North 51 degrees 45 minutes East along the South side of said road 3360 feet, more or less, to the West right-of-way of the Pearl River Valley Railroad; thence South along said railroad 3250 feet, more or less, to the South line of Section 21, Township 6 South, Range 17 West; thence East along the South line of Section 21, 473.14 feet; thence South 00 degrees 11 minutes 29 seconds West 346.68 feet; thence East 1481.46 feet; thence 77.43 feet South; thence 2104.6 feet East; thence 424.11 feet North to a point on the South section line of Section 22; thence East along the South line of Sections 22 and 23, 7819.2 feet to a point that is 100 feet West of the Southeast corner of said Section 23, which is the East right-of-way of a black-top road; thence Southwesterly along said road 1325 feet, more or less; thence East 220 feet, more or less, to the East section line of Section 26, said Township and Range; thence North 1 mile to the Northeast corner of the Southeast Quarter of the Northeast Quarter of said Section 23; thence South 60 degrees 59 minutes 28 seconds East for a distance of 619.45 feet; thence South 29 degrees 00 minutes 32 seconds West for a distance of 145.00 feet; thence South 60 degrees 59 minutes 28 seconds East for a distance of 160.00 feet; thence North 29 degrees 00 minutes 32 seconds East for a distance of 145.00 feet, thence South 60 degrees 59 minutes 28 seconds East for a distance of 741.69 feet; thence North for a distance of 1529.44 feet; thence North 524.71 feet, more or less, to the North boundary of said Section 24 in said Township and Range; thence East ¾ mile, more or less, to the Southeast corner of Section 13 in said Township and Range; thence North along the East line of Sections 13 and 12 in said Township and Range 1.73 miles to the Southwest corner of the Northwest Quarter of the Northwest Quarter of Section 7, Township 6 South, Range 16 West, Pearl River County, Mississippi, thence North 03 degrees 03 minutes 13 seconds West 160.03 feet on and along said section line to an existing iron pipe in a fence on the North right-of-way of Sycamore Road; thence South 84 degrees 23 minutes 53 seconds East 142.20 feet on and along said right-of-way to an existing right-of-way monument on the North right-of-way of Sycamore Road; thence North 88 degrees 23 minutes 18 seconds East 99.81 feet to a right-of-way monument; thence South 83 degrees 49 minutes 22 seconds East 328.55 feet, on and along said right-of-way; thence North 03 degrees 03 minutes 13 seconds West 446.93 feet to an existing iron pipe; thence North 88 degrees 56 minutes 24 seconds West 565 feet to an existing iron pipe on the Westerly right-of-way of a Sycamore Road access road; thence North along said Section 12 in said Township 900 feet, more or less, to the Northeast corner of said Section 12, Township 6 South, Range 17 West; thence West along the South line of Section 1 to its intersection with the West right-of-way line to Interstate 59; thence in a Northerly direction along the West right-of-way of Interstate 59 to the point where I-59 now intersects the South line of the North Half of the Northwest Quarter of Section 6, Township 6 South, Range 16 West, Pearl River County, Mississippi, thence North 88 degrees 30 minutes West along the forty line 574 feet to a point on the East right-of-way boundary of Cooper Road; thence North 0 degrees 46 minutes 53 seconds West to the North section line of Section 6, Township 6 South, Range 16 West; thence West along the North line of said Section 6, Township 6 South, Range 16 West, to the Northeast corner of Section 1, Township 6 South, Range 17 West; thence North 56.2 feet to a point; thence Southwesterly along a curve having an arc length of 83.25 feet and radius of 144.17 feet, a distance of 41.62 feet; thence North 89 degrees 42 minutes West 1497.87 feet; thence South 42 degrees 42 minutes 49 seconds East 68.38 feet tot he North line of Section 1, Township 6 South, Range 17 West; thence West along the North boundaries of said Section 1 and Section 2, Township 6 South, Range 17 West, to the Western boundary of the right-of-way for U.S. Highway 11, thence South 8 degrees 26 minutes 37 seconds West 1732.25 feet along said right of way; thence South 89 degrees 35 minutes 29 seconds West 711.83 feet; thence North along the Eastern boundary of the Southwest Quarter of the Northeast Quarter of Section 2, Township 6 South, Range 17 West, to the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 2; thence West along the North boundaries of the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter of Section 2, Township 6

South, Range 17 West, to the intersection of the Eastern boundary of the right-of-way for the N.O. and N.E. (Southern) Railroad; thence Southwesterly along said right-of-way to the North line of Section 11, Township 6 South, Range 17 West; thence West along the North line of said Section 11 to the Northwest corner of said Section 11; thence South ½ mile, more or less, to the South bank of Hobolochitto Creek; thence follow the meandering of said creek in a Westerly direction to where the West line of the East ¾ of Section 9 in said Township and Range (Township 6 South, Range 17 West) intersects same; thence South along the West line of the East ¾ of Sections 9, 16, and 21 in said Township and Range, 2 and 1/8 miles to the Northeast corner of the South Half of the Northwest Quarter of the Northwest Quarter of Section 21, Township 6 South, Range 17 West; thence West ¼ mile to the West line of said Section 21; thence South 5/8 of a mile to the Southwest corner of the Northwest Quarter of the Southwest Quarter of said Section 21; thence East ¼ mile to the place of beginning.

SECTION 2. (A) The City of Picayune, Mississippi, shall offer immediately the following municipal services in said annexed territory upon the effective date of this Ordinance, to-wit: municipal police and fire protection; animal control; refuse collection; measures for the control of mosquitoes and other harmful insects, water and sewer services; use of and inclusion in park and recreational programs at the same rates as those within the City of Picayune, Mississippi; and the protection of public health, safety, and welfare afforded by the application and enforcement of Ordinances, Codes and Regulations of the City of Picayune, Mississippi.

SECTION 3. This Ordinance shall take effect ten (10) days from the date of the Judgment signed by the Chancellor approving the same, as provided by Section 21-1-33, Mississippi Code of 1972, as amended, or otherwise as authorized by law.

The foregoing Ordinance having been reduced to writing read and considered, section by section, was introduced by Councilmember Guy, seconded by Councilmember Roberson, and adopted by the following roll call vote, to-wit:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The Ordinances was thereupon declared carried and adopted this 4th day of September, A.D. 2001.

_____
Greg Mitchell Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER PURCHASE OF FIXED QUANTITY OF NATURAL GAS

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to authorize the City Manager to sign all necessary documents with MGAM to purchase a fixed supply of natural gas of 10,000 MMBTU's per month for November and

December of 2001 and January and February of 2002 at an estimated cost of $3.25 per unit. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER JOINT REQUEST OF MISSISSIPPI DEPARTMENT OF TRANSPORTATION AND NORFOLK SOUTHERN CORPORATION TO CLOSE TWO RAILROAD CROSSINGS

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the publication of notice providing an opportunity for a public hearing regarding the proposed closure of the railroad crossings located at Sycamore Road and McGeehee Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Watts, Guy and Bounds

VOTING NAY: Councilmember Roberson

The motion was declared carried.

PUBLIC HEARING ON BUDGET FOR PROPOSED BUDGET FOR THE YEAR ENDING SEPTEMBER 2002

A public hearing was held on the proposed budget for the year ending September 30, 2002. No comments from citizens were voiced. The City Clerk stated that the budget in the format presented would be voted upon on September 11, 2001. No official action was taken.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to accept the minutes of the Planning Commission dated July 31, 2001 and August 2, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to acknowledge receipt of the minutes of the Planning Commission dated August 16, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR A SIDE YARD VARIANCE

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve a 3' side yard variance for Charles Rasmussen, 112 Ferrell Street in order to place a carport on the side of the house. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

At this time Mayor Mitchell left the meeting.

CONSIDER REQUEST FOR A PARKING VARIANCE

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to approve a 2' variance for length in parking spaces at Bridgeway Apartments, Phase II from 20' in length to 18' in length. The following roll call vote was taken:

VOTING YEA: Mayor Pro-Tempore Guy, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Mitchell

The motion was declared carried.

CONSIDER AUTHORIZING MAYOR TO SIGN PRE-APPLICATION FOR FAA GRANT

Motion was made by Councilmember Roberson, seconded by Councilmember Parker to authorize the Mayor to sign a FAA grant pre-application for funds to construct fencing and an automatic weather observing system. The following roll call vote was taken:

VOTING YEA: Mayor Pro-Tempore Guy, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Mitchell

The motion was declared carried.

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to grant the request from Pleasant Valley Baptist Church to close Rosa Street from Jones Street to Davis Street on September 27, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Pro-Tempore Guy, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Mitchell

The motion was declared carried.

At this time Mayor Mitchell entered the meeting.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to enter executive session to discuss a matter of potential litigation and a matter involving the purchase of property. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of potential litigation and a matter involving the purchase of property.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Guy, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of potential litigation and a matter involving the purchase of property and took no action.

ORDER TO RECESS

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to recess until September 11, 2001 at 5:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

September 11, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, September 11, 2001, at 5:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager Sabrina Diamond, and Deputy City Clerk Brenda Ford.

It Being Determined a quorum was present, motion was made by Councilmember Roberson, seconded by Councilmember Guy to recess until September 17, 2001 at 5:00 p.m., due to the terrorist attacks at the World Trade Center and the Pentagon on this day. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell

ATTEST:

Sabrina Diamond

Sabrina Diamond, City Clerk

September 17, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, September 17, 2001, at 5:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy, and Jerry Bounds, Interim City Manager Sabrina Diamond, and Deputy City Clerk Brenda Ford.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO ADOPT LAND ROLLS AS PREPARED BY THE PEARL RIVER COUNTY TAX COLLECTOR/ASSESSOR

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to adopt the land rolls for the City of Picayune and the Picayune School District as prepared by the Pearl River County Tax Collector/Assessor with the following totals:

	City of Picayune	Picayune School District
Real Property	32,921,015	55,710,057
Personal Property	11,095,595	11,853,811
Special Homestead Exemption	4,849,956	9,291,392

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADOPT LAND ROLLS AS PREPARED BY THE HANCOCK COUNTY TAX COLLECTOR/ASSESSOR

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to adopt the land rolls for the Picayune School District as prepared by the Hancock County Tax Collector/Assessor with the following totals:

	Picayune School District
Real Property	1,813,931
Personal Property	0
Special Homestead Exemption	204,512

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ADOPTION OF ORDINANCE TO LEVY 2001 PROPERTY TAXES

The following ordinance was presented for review:

ORDINANCE NO. 759

AN ORDINANCE FIXING THE LEVY FOR THE MUNICIPAL TAXES FOR THE CITY OF PICAYUNE, MISSISSIPPI AND THE PICAYUNE SEPARATE SCHOOL DISTRICT FOR THE FISCAL YEAR 2001-2002, BEGINNING OCTOBER 1, 2001 AND ENDING SEPTEMBER 30, 2002

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PICAYUNE, MISSISSIPPI, AS FOLLOWS:

SECTION 1. That a levy for general and special municipal purposes of 25.25 mills on the dollar upon real, personal and fixed property within the corporate limits of the City of Picayune, Mississippi, taxable according to law, and a levy of 60.91 mills on the dollar upon real, personal and fixed property within the Picayune Municipal Separate School District of Pearl River County and Hancock County, Mississippi, taxable according to law, be and the same is hereby fixed and declared for the fiscal year 2001-2002, for the following purposes, to-wit:

GENERAL FUND (Authority: Mississippi Code of 1972, Section 27-39-307)	23.25	
PEARL RIVER COUNTY LIBRARY SYSTEM (Authority: Mississippi Code of 1972, Section 39-3-7)	2.00	
TOTAL FOR ALL MUNICIPAL PURPOSES		**25.25**
FOR SCHOOL COSTS, MINIMUM FOUNDATION PROGRAM (Authority: Mississippi Code of 1972, Section 37-19-1, et. seq. and Section 37-57-1, et. seq.)	1.71	
FOR SCHOOL COSTS other than Minimum Foundation Program (Authority: Mississippi Code of 1972, Section 37-57-1, et. seq.)	59.20	
TOTAL FOR ALL SCHOOL PURPOSES		**60.91**
TOTAL FOR ALL MUNICIPAL AND SCHOOL PURPOSES		**86.16**

SECTION 2. That for good cause therefore, it being necessary to immediately transmit levy for approval of the State Tax Commission, it is ordered that this Ordinance take effect and be in full force and effect from and after its passage, but shall nevertheless be published and enrolled as provided by law.

The foregoing Ordinance, after having been first reduced to writing, was introduced by Councilmember Guy, seconded by Councilmember Roberson, and was adopted by the following roll call vote:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried and the ordinance adopted.

CONSIDER ADOPTION OF THE BUDGET FOR THE YEAR ENDING SEPTEMBER 30, 2002

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to adopt the budget for the fiscal year beginning October 1, 2001 and ending September 30, 2002 as follows:

CITY OF PICAYUNE – GENERAL FUND
BUDGET
FOR THE YEAR ENDING SEPTEMBER 30, 2002

RECEIPTS:

LICENSE & PERMITS	380,000
INTERGOVERNMENTAL REVENUES	3,172,000
CHARGES FOR SERVICES	608,000
FINES & FORFEITS	340,000
MISCELLANEOUS	20,000
TRANSFERS	350,000
INTEREST EARNINGS	55,000
NON-REVENUE RECEIPTS	135,000
TOTAL FROM ALL SOURCES, OTHER THAN TAXES	5,060,000
BEGINNING CASH	1,400,000
TOTAL RECEIPTS OTHER THAN AD VALOREM TAX	6,460,000
AMOUNT TO BE RAISED BY AD VALOREM TAX	1,492,000
TOTAL FROM ALL SOURCES	7,952,000

EXPENDITURES

GENERAL GOVERNMENT

PERSONNEL	878,000
SUPPLIES	34,500
OTHER SERVICES & CHARGES	367,000
CAPITAL OUTLAY	24,000
TOTALS	1,303,500

PUBLIC SAFETY – POLICE

PERSONNEL	1,388,200
SUPPLIES	142,300
OTHER SERVICES & CHARGES	151,600
CAPITAL OUTLAY	28,700

TOTALS	1,710,800
PUBLIC SAFETY – FIRE	
PERSONNEL	1,241,495
SUPPLIES	58,850
OTHER SERVICES & CHARGES	58,900
CAPITAL OUTLAY	30,350
TOTALS	1,389,595
PUBLIC WORKS	
PERSONNEL	830,000
SUPPLIES	263,750
OTHER SERVICES & CHARGES	790,050
CAPITAL OUTLAY	635,750
TOTALS	2,519,550
CULTURE & RECREATION	
PERSONNEL	-0-
SUPPLIES	-0-
OTHER SERVICES & CHARGES	-0-
CAPITAL OUTLAY	5,000
TOTALS	5,000
COST OF LIVING RAISES	95,000
AID TO OTHER GOVERNMENTS	33,250
TRANSFERS	492,000
ENDING CASH BALANCE	403,305
TOTAL EXPENDITURES & ENDING CASH BALANCE	7,952,000

SPECIAL POLICE DRUG FUND – 003

RECEIPTS:

RESTITUTION FOR DRUGS	10,000
FORFEITURES & SEIZURES	5,000
INTEREST	2,000
BEGINNING CAHSE & INVESTMENTS	98,254
TOTAL FROM ALLSOURCES	115,254

DISBURSEMENTS:

OTHER SERVICES	-0-
CAPITAL OUTLAY	6,600
TOTAL	6,600
ENDING CASH	108,654
TOTAL DISBURSEMENTS & ENDING BALANCE	115,254

REGULAR MEETING DATED SEPTEMBER 17, 2001

UDAG MAJESTIC INN FUND – 108

RECEIPTS:

RENTAL PAYMENTS	28,219
INTEREST INCOME	2,500
BEGINNING CASH & INVESTMENTS	88,504
TOTAL FROM ALL SOURCES	119,223

DISBURSEMENTS:

OTHER SERVICES	-0-
ENDING CASH & INVESTMENTS	119,223
TOTAL DISBURSEMENTS & ENDING BALANCE	119,223

TOBACCO GRANT – 109

RECEIPTS:

GRANTS	-0-
INTEREST INCOME	500
BEGINNING CASH & INVESTMENTS	22,609
TOTAL FROM ALL SOURCES	23,109

DISBURSEMENTS

SUPPLIES	-0-
OTHER SERVICES & CHARGES	-0-
CAPITAL OUTLAY	20,000
TOTAL	20,000
ENDING CASH & INVESTMENTS	3,109
TOTAL DISBURSEMENTS & ENDING BALANCE	23,109

CDBG WESTSIDE REDEVELOPMENT – 102

RECEIPTS:

SALES OF LOTS	-0-
INTEREST EARNED	1,000
BEGINNING CASH & INVESTMENTS	20,921
TOTAL FROM ALL SOURCES	21,921

DISBURSEMENTS:

OTHER SERVICES	-0-
CAPITAL OUTLAY	-0-
TOTAL	-0-
ENDING CASH & INVESTMENTS	21,921

TOTAL DISBURSEMENTS & ENDING BALANCE	21,921

ECONOMIC DEVELOPMENT FUND – 110

RECEIPTS:

INTEREST	10,000
SALES TAX REVENUE	210,000
LOAN PROCEEDS	-0-
TRANSFERS IN	-0-
RENT	3,750
BEGINNING CASH & INVESTMENTS	324,671
TOTAL FROM ALL SOURCES	548,421

DISBURSEMENTS

PERSONNEL	-0-
SUPPORT TO OTHER ORGANIZATIONS	5,000
OTHER SERVICES	-0-
LOAN PAYMENTS	-0-
CAPITAL OUTLAY	60,000
TOTAL	65,000
ENDING CASH	483,421
TOTAL DISBURSEMENTS & ENDING BALANCE	548,421

WALMART BOND FUND – 340

RECEIPTS:

SALES TAX	123,225
INTEREST EARNED	5,000
BEGINNING CASH & INVESTMENTS	95,582
TOTAL FROM ALL SOURCES	223,807

DISBURSMENTS:

TRANSFER TO DEBT SERVICE	123,325
ENDING CASH & INVESTMENTS	100,482
TOTAL DISBURSEMENTS & ENDING BALANCE	223,807

AIRPORT FUND – 351

RECEIPTS:

FEDERAL GRANTS	-0-
STATE GRANTS	-0-
REVENUES	76,000
LOAN PROCEEDS	-0-
TRANSFERS IN	144,000
BEGINNING CASH & INVESTMENTS	16,043

TOTAL FROM ALL SOURCES	236,043

DISBURSEMENTS:

PERSONNEL SERVICES	50,000
SUPPLIES	26,000
OTHR SERVICES & CHARGES	30,000
CAPITAL OUTLAY	27,000
LOAN PAYMENTS	101,300
ENDING CASH & INVESTMENTS	1,743
TOTAL DISBURSEMENTS & ENDING BALANCE	236,043

CITY OF PICAYUNE – UTILITY FUND
BUDGET
FOR THE YEAR ENDING SEPTEMBER 30, 2002

REVENUES:

CHARGES FOR UTILITY SERVICES	3,013,000
NON-REVENUE RECEIPTS	13,000
INTEREST EARNINGS	110,000
LOAN PROCEEDS	-0-
TOTAL REVENUES	3,136,000
BEGINNING CASH	550,000
TOTAL FROM ALL SOURCES	3,686,000

EXPENSES:

UTILITY ADMINISTRATION	
PERSONNEL	110,600
SUPPLIES	8,000
OTHER SERVICES & CHARGES	84,100
CAPITAL OUTLAY	6,000
TOTALS	208,700
TREATMENT PLANT & UTILITY CONSTRUCTION	
PERSONNEL	879,900
SUPPLIES	1,508,400
OTHER SERVICES & CHARGES	335,300
CAPITAL OUTLAY	124,600
TOTALS	2,848,200
COST OF LIVING RAISES	25,000
TRANSFERS OUT	350,000
DEBT PAYMENTS	89,000
ENDING CASH BALANCE	165,100
TOTAL EXPENSES & ENDING CASH BALANCE	3,686,000

CEMETERY FUND – 406

RECEIPTS:

SALE OF LOTS	25,000
INTEREST INCOME	15,000
MISCELLANEOUS INCOME	-0-
TRANSFERS IN – CITY	48,000
BEGINNING CASH & INVESTMENTS	298,743
TOTAL FROM ALL SOURCES	386,743

DISBURSEMENTS:

PERSONNEL SERVICES	90,100
SUPPLIES	11,000
OTHER SERVICES & CHARGES	6,000
CAPITAL OUTLAY	27,900
TOTAL	135,000
ENDING CASH & INVESTMENTS	251,743
TOTAL DISBURSEMENTS & ENDING BALANCE	386,743

LONG TERM DEBT – 901

RECEIPTS:

TRANSFERS IN	523,050
BEGINNING CAHS & INVESTMENTS	-0-
TOTAL FROM ALL SOURCES	523,050

DISBURSEMENTS:

PRINCIPAL & INTEREST PAYMENTS	523,050
ENDING CASH & INVESTMENTS	-0-
TOTAL DISBURSEMENTS & ENDING BALANCE	523,050

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to recess until September 18, 2001 at 6:00 p.m. The following roll call vote was taken:

REGULAR MEETING DATED SEPTEMBER 17, 2001

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

September 18, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, September 18, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Mr. Reggie Hanberry, followed by the Pledge of Allegiance led by the Picayune Memorial High School ROTC Honor Guard.

At this time Councilmember Parker entered meeting.

CONSIDER APPROVAL OF MANUAL CHECKS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the issuance of the following manual checks:

Fairfield Inn	Utility	$ 65.00
Reginald Oliver	Utility	68.00
MS State Tax Commission	General	10.75
Robin Thomas	General	281.74
Entex	Utility	15,670.50
Gulf South	Utility	7,558.24
UMC	Utility	628.52

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REQUESTS REPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to acknowledge receipt of the monthly Public Records Requests for August 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to acknowledge receipt of the monthly Budget Report for August 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER CHANGE ORDER #1 ON SITEWORK CONTRACT FOR CHEVRON/EDA PROJECT

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Mayor to sign Change Order #1 to the sitework contract for the Chevron/EDA project with Talley Contracting, Inc. The change is an increase of $6,925.00 and the revised contract amount is $939,279.56. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of cleaning the lot owned by Darrell Hampton, located at 606Charlotte Drive, and to assess the cost of cleaning the lot to the property in the total amount of $ 971.00.

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 15th day of August, 2000, and after notice given to the property owner as required by law, the Mayor and Council determined that the property of Darrell Hampton at 606 Charlotte Drive, being legally described as

Section 21-6-17, Lot 15
Ponderosa Subdivision to the City of Picayune
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River county, Mississippi,

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

1. Contract to clean $ 971.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 971.00, and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of demolition and removal of debris from the building on the property owned by Pearlie Mae Haralson located at 520 Weems Street, and to assess the cost of cleaning the lot to the property in the total amount of $ 599.00.

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 18th day of February, 1997, and after notice given to the property owner as required by law, the Mayor and Council determined that the building on the property of Pearlie Mae Haralson located at 520 Weems Street, being legally described as

Block 5, Lot 12
Williams Southside Addition to the City of Picayune
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River County, Mississippi

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

Contract for demolition and removal of debris $ 599.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 599.00 and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of cleaning the lot owned by Shinall Conway located at 301 Weems Street, and to assess the cost of cleaning the lot to the property in the total amount of $ 915.00.

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 17th day of April 2001, and after notice given to the property owner as required by law, the Mayor and Council determined that the property of Shinall Conway located at 301 Weems Street, being legally described as

Section 617-515-004-06-009
Block 11, Lot 6
Williams Southside Addition to the City of Picayune
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River County, Mississippi

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

1. Contract to clean $ 915.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 915.00 and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of demolition and removal of debris from the building owned by William Thigpen, et al located at 927 Palestine Road, and to assess the cost of cleaning the lot to the property in the total amount of $ 1,900.00.

RECESSED MEETING DATED SEPTEMBER 18, 2001

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 20th day of February, 2001, and after notice given to the property owner as required by law, the Mayor and Council determined that the property of William Thigpen, et al located at 927 Palestine Road, being legally described as

Section 617-515-002-07-003-00
Block 7, Parcel 3 PS Dozier Subdivision to the City of Picayune,
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River County, Mississippi

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

Contract for demolition and removal of debris $ 1,900.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 1,900.00 and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of demolition and removal of debris from the building owned by Robert Mitchell et, al located at 925 Palestine Road, and to assess the cost of cleaning the lot to the property in the total amount of $ 1,900.00.

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 18th day of July, 2000, and after notice given to the property owner as required by law, the Mayor and Council determined that the building on the property of Robert Mitchell et al, located at 925 Palestine Road, being legally described as

Section 617-515-002-07-004
Block 7, Parcel 4 PS Dozier Subdivision to the City of Picayune,
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River County, Mississippi

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after

determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

Contract for demolition and removal of debris $ 1,900.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 1,900.00 and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ASSESS COST OF CLEANING PROPERTY

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to adopt the following resolution determining the cost of demolition and removal of debris from the house owned by Billian Banks located at 310 Weems Street, and to assess the cost of cleaning the lot to the property in the total amount of $ 1,900.00.

BEFORE THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

RESOLUTION DETERMINING COST OF CLEANING LOT

WHEREAS, at a public hearing held on the 18th day of July, 2000, and after notice given to the property owner as required by law, the Mayor and Council determined that the building on the property of Billian Banks located at 310 Weems Street, being legally described as

Section 617-515-004-05-006
Block 2, Lot 14
As per official map or plat thereof on file in the
Office of the Chancery Clerk of Pearl River County, Mississippi

was in such a condition as to be a menace to the public health and safety of the community as authorized by 21-19-11, Mississippi Code of 1972, as amended, and after determining that all of the requirements of said statute to be performed by the City of Picayune were met and that the owner would not or did not clean up said property, the Mayor and Council did then proceed to have the property cleaned as hereinafter specified.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council that the actual cost of such clean-up on said property is adjudicated to be as follows, to with:

Contract for demolition and removal of debris $ 1,900.00

BE IT FURTHER RESOLVED that the actual cost of said clean-up as aforesaid be assessed against the hereinabove described real property and that the City of Picayune, Mississippi, shall have a lien against the hereinabove described real property in the amount of $ 1,900.00 and that by virtue of the provisions of Section 21-19-11(2) this lien shall be filed and enrolled in the Office of the Circuit Clerk of Pearl River County, Mississippi, as other judgements are recorded.

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the foregoing resolution. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD ON POLICE UNIFORMS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to award the one-year bid on police uniforms to Mid-south Uniform and Supply, Inc. in the following amounts:

	BRAND & STOCK NO.	COST
Trousers, men #1 – M (P)	Elbeco #909	31.92
Trousers, women #1 – M (P)	Elbeco #1009	31.92
Short sleeve shirts, men #1 – M(S/S)	Elbeco #Z960NP	30.50
Short sleeve shirts, women #1 – L(S/S)	Elbeco #Z975NP	30.50
Long sleeve shirts, men #1 – M(L/S)	Elbeco #Z920NP	33.68
Long sleeve shirts, women #1 – L(L/S)	Elbeco #Z905NP	33.68
Light jacket w/liner #1 – LWJ	#2649M	65.72
Ultra jacket #1 – UJ	Fechheimer #58130	153.92

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Purchasing Agent to advertise for bids for purchase of a speed-monitoring trailer with traffic statistic software package. The following roll call vote was recorded:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER SEMI-ANNUAL BID AWARD FOR SUPPLIES

Upon recommendation of the Purchasing Agent, motion was made by Councilmember Roberson, seconded by Councilmember Watts, to accept the low bids as listed below in the response to the semi-annual bids for supplies for October 2001 through March 2001:

Diesel Oil #2 Series, 30W 12 qts/case	17.96	Allison Oil
Diesel Oil #2 Series, 30W 55 gallon	239.00	Allison Oil
Diesel Oil 15W-40, 55 gallon	239.00	Allison Oil

RECESSED MEETING DATED SEPTEMBER 18, 2001

Transmission Fluid Dextron II 12 qts/case	17.76	Allison Oil
Transmission Fluid Type F 12 qts/case	11.76	Allison Oil
Motor Oil 10W-30 HD 12 qts/case	12.34	Allison Oil
Motor Oil 10W-30 HD 55 gallon	211.76	Allison Oil
Motor Oil 10W-40 HD 12 qts/case	12.34	Allison Oil
Motor Oil 10W-40 HD 55	211.76	Allison Oil
Motor Oil 30W ND 12 qts/case	8.53	Allison Oil
Motor Oil 30W ND 55 gallon	138.18	Allison Oil
Gear Oil, 90 wt. 55 gallon	234.12	Allison Oil
Chassis Grease tube 10 per ctn	65.62	Allison Oil
Chassis Grease bulk 5 gallon	43.52	Allison Oil
Hydraulic Fluid TDH 5 gallon	21.92	Allison Oil
Hydraulic Fluid TDH 55 gallon	232.53	Allison Oil
Hydraulic Oil 68 55 gallon	163.53	Allison Oil
Chlorine in 150 lb cylinder, including Delivery to sewerage treatment plant	46.00	DPC Enterprises
Oxygen – Welding 244 cu ft per cylinder	6.50	Nordan Smith
Acetylene – 100 cu ft	14.52	Nordan Smith
Hot Bituminous Surface Plantmix Asphalt		
SC-1 per ton	31.00	Huey Stockstill, Inc.
SC-2 per ton	31.00	Huey Stockstill, Inc.
Hot Mix Asphalt lay & haul inside city per ton	48.00	Huey Stockstill, Inc.
Hot Mix Sand Asphalt lay and haul inside city per ton	45.00	Huey Stockstill, Inc.
EA-4 for tack	1.00	Huey Stockstill, Inc.
30x36, Trash Bags, 1.5 mill, black or brown, 52 per box or roll	3.19	McNeely Plastic Products
Concrete Pipe		
12" reinforced	10.00	Choctaw
15" reinforced	11.00	Choctaw
18" reinforced	12.00	Choctaw
21" reinforced	17.80	Choctaw
24" reinforced	21.60	Choctaw
27" reinforced	26.70	Choctaw
30" reinforced	30.00	Choctaw
36" reinforced	42.50	Choctaw
42" reinforced	53.00	Choctaw
48" reinforced	69.00	Choctaw
54" reinforced	84.80	Choctaw
60" reinforced	102.80	Choctaw
18" x 11" reinforced arch pipe	21.75	Choctaw
22" x 13" reinforced arch pipe	23.00	Choctaw
29" x 18" reinforced arch pipe	29.60	Choctaw
36" x 23" reinforced arch pipe	35.50	Choctaw
44" x 27" reinforced arch pipe	49.00	Choctaw
58" x 36" reinforced arch pipe	80.70	Choctaw
65" x 40" reinforced arch pipe	98.40	Choctaw
73" x 45" reinforced arch pipe	122.00	Choctaw
88" x 54" reinforced arch pipe	169.00	Choctaw
51" x 31" reinforced arch pipe	63.75	Choctaw
Concrete per yard 2,500 lb. mix	55.95	Huey Stockstill, Inc.
Concrete per yard 3,000 lb. mix	57.95	Huey Stockstill, Inc.
Concrete Manholes		
48" x 36" precast cone section	62.00	Choctaw
48" precast riser section	62.00	Choctaw
70" diam x 6" thick precast bottom	120.00	Choctaw
48" precast concrete flat slab top	95.00	Choctaw
4" adjusting ring	16.50	Choctaw
6" adjusting ring	25.00	Choctaw
4" flexible coupling	32.00	Choctaw

6" flexible coupling	34.00	Choctaw
8" flexible coupling	38.00	Choctaw
10" flexible coupling	44.00	Choctaw
12" flexible coupling	46.00	Choctaw
Cast iron manhole ring and cover	186.00	Choctaw
Polyethylene Culvert Pipe (per foot)		
8" diameter smooth interior pipe	1.54	Hancor
10" diameter smooth interior pipe	1.80	Hancor
12" diameter smooth interior pipe	2.36	Hancor
15" diameter smooth interior pipe	3.36	Hancor
18" diameter smooth interior pipe	4.96	Hancor
24" diameter smooth interior pipe	8.13	Hancor
30" diameter smooth interior pipe	13.51	Hancor
36" diameter smooth interior pipe	16.91	Hancor
42" diameter smooth interior pipe	24.31	Hancor
48" diameter smooth interior pipe	28.71	Hancor

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO SUBMIT GRANT APPLICATION

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Mayor to sign the grant application with the Mississippi Development Authority for Retirement Development Advertising Grant in the amount of $ 2,149.95.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PICAYUNE ON STAGE

Lisa Nicholas, Vice President and Treasurer of Picayune on Stage, addressed the Council regarding the past accomplishments and future goals of the Picayune on State organization. Ms. Nicholas requested that the City write a letter of support to be used in future grant applications and asked that the Picayune on Stage organization be kept informed of the developments in the planned Friendship Park upgrade/expansion. No official action was taken.

CONSIDER REQUEST TO ADVERTISE THE RESOURCES OF THE CITY

Motion was made by Councilmember Bounds, seconded by Councilmember Roberson, to approve the request from Slidell Memorial Hospice to advertise resources of the City by purchasing a sign and tee sponsorship for their Golf Tournament in the amount of $100.00 and to authorize the issuance of a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1006 BAYLOUS STREET

A public hearing on the condition of the property located at 1006 Baylous Street and owned by Charlene Christmas was held. The Grants Administrator reported that cleanup was not completed and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 204 JARRELL STREET

A public hearing was held on the condition of property located at 204 Jarrell Street and owned by Ruby Carter was held. The Grants Administrator reported that the property has been cleaned. No action was taken.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 118 NORTH HOWARD AVENUE

A public hearing was held on the condition of the property located at 118 North Howard Avenue and owned by Mary E. Steve was held. The Grants Administrator reported that the cleaning of the property was not complete and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR LOT NEXT TO 416 WEST SYCAMORE

A public hearing on the condition of the property located next to 416 West Sycamore and owned by Albert Mars was held. The Grants Administrator reported that the property has been cleaned. No action was taken.

RECESSED MEETING DATED SEPTEMBER 18, 2001

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1208 EAST CANAL STREET

A public hearing on the condition of the property located at 1208 East Canal Street and owned by Daisy Lee Gray Jones was held. The Grants Administrator reported that no cleanup had been done, but the owner requested a 30-day extension. Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to continue the public hearing until October 16, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 214 WEEMS STREET

A public hearing on the condition of the property located at 214 Weems Street and owned by William Kindred was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 606 CHARLOTTE DRIVE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy to table action and continue the public hearing on the condition of the property located at 606 Charlotte Drive. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ADOPTION OF CURFEW ORDINANCE

Dr. Tom Clark presented the Council with a draft curfew ordinance to consider. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to take under advisement the proposed ordinance to set a curfew for minors during school hours so that we may amend our exiting ordinance to include these provisions. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED SEPTEMBER 18, 2001

CONSIDER REQUEST FOR PARADE PERMIT

Upon request of the Boys and Girls Club of Picayune, motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve a parade permit for a parade to be held on October 20, 2001 at 1:00 p.m.. The parade route will begin on Kirkwood, continue east on West Canal, then left on Main Street, left to Goodyear Boulevard, and disband at Jack Read Park. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter executive session to discuss a matter involving the purchase of property and an ongoing litigation matter. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter involving the purchase of property and an ongoing litigation matter.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Roberson, seconded by Councilmember Watts, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter involving the purchase of property and an ongoing litigation matter and took no action.

CONSIDER APPROVAL OF INTERLOCAL AGREEMENT

Motion was made by Councilmember Watts, seconded by Councilmember Roberson, to authorize the Mayor to sign the following resolution:

RECESSED MEETING DATED SEPTEMBER 18, 2001

INTERLOCAL AGREEMENT FOR
THE REDEMPTION OF TAXES

WHEREAS, the City of Picayune previously adopted a resolution authorizing the consolidation of the collection of the school portion of real property taxes with Hancock County, Mississippi, and duly entered into an interlocal agreement with Hancock County for such purpose as authorized by Chapter 33, Title 21 of the Mississippi Code Annotated of 1972, as enacted and as may be amended; and

WHEREAS, the City of Picayune desires to also consolidate the handling of all redemptions of lands sold for school taxes with the Hancock County, Chancery Clerk in accordance with Miss. Code Ann. Section 27-45-1 (1972), as amended; and

WHEREAS, the consolidation of the handling of all redemptions of lands sold for school taxes with Hancock County, by and through the Hancock County Chancery Clerk, will serve the best interests of the citizens of Picayune and Hancock County;

IT IS, THEREFORE, AGREED AS FOLLOWS:

1. The Hancock County Chancery Clerk shall assume the responsibility for the redemption of all land sold for school taxes in Hancock County, including all land sold for school taxes due to the City of Picayune all in accordance with Miss. Code Ann. Section 17-45-1 (1972), as amended, and any and all laws applicable to the redemption of land sold for school taxes.
2. This agreement supersedes and replaces any previous agreements between the City of Picayune and Hancock County with respect tot he redemption of all land sold for school taxes in Hancock County.
3. The City of Picayune agrees to allow the Hancock County Chancery Clerk to retain 3% of the gross collection made under this agreement as reimbursement for any and all services, supplies, equipment, office space, personnel and other efforts necessary to carry out the terms of this agreement.
4. All redemptions shall be conducted by the Hancock County Chancery Clerk in a timely manner and pursuant to all time requirements set forth under Mississippi law, and the Chancery Clerk shall make his or her redemption complete report thereof to the Hancock County Board of Supervisors and to the City of Picayune, true and correct copies of which he or she must file with the State Auditor.
5. Any real and/or personal property acquired under the auspices of this Agreement shall be distributed to the party assuming the cost of such acquisition upon termination of this agreement.
6. The City of Picayune shall have the right to audit the Hancock County Chancery Clerk's records that relate to this agreement in any manner at any time.
7. This agreement shall be in effect for the initial term of one year, commencing on October 1, 2001, and thereafter shall be renewed on an annual basis unless terminated by one of the parties hereto. It is expressly understood and agreed that no entity that is a party hereto may bind its successors in office and that this agreement may be canceled should the successors in office elect to do so.
8. Amendment of this agreement shall be made only by the mutual written consent of all parties hereto.
9. This agreement shall be in full force and effect from and after its approval by the Mississippi Attorney General pursuant to Miss. Code Ann. Section 17-13-11 (1972).

THIS AGREEMENT is hereby entered into by the governing authorities of the City of Picayune and Hancock County on this the 18th day of September 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

_____
Hancock County Chancery Clerk

ATTEST:

_____

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF RESOLUTION TO BORROW STP FUNDS FROM THE CITY OF WAYNESBORO

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the following resolution and agreement for Memorial Boulevard Roadway Improvements Project:

RESOLUTION

WHEREAS, the City of Picayune, Mississippi has requested that the City of Waynesboro, Mississippi transfer a sum not-to-exceed $271,350.00 from its FY-98, FY-99, FY-00 and FY-01 entitlements for use by the City of Picayune on its Memorial Boulevard Roadway Improvements Project, being Project No. STP-49-9601-00-004-10; and,

WHEREAS, the Mississippi Department of Transportation has advised the City of Picayune that it will approve an Agreement whereby these funds may be borrowed by the City of Picayune from the City of Waynesboro; and,

WHEREAS, said funds will be repaid to the City of Waynesboro by the City of Picayune by transfer of STP funds from the future entitlements of the City of Picayune over the next two (2) years; and,

WHEREAS, the Mayor and City Council find that this Agreement is in the best interest of the City of Picayune.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PICAYUNE, MISSISSIPPI, that the Mayor be, and he hereby is, authorized to execute on behalf of the City of Picayune, an AGREEMENT to borrow a sum not-to-exceed $271,350.00 in funds from the City of Waynesboro, a copy of said AGREEMENT being attached to this Resolution.

ADOPTED this 18th day of September 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

AGREEMENT

WHEREAS, the City of Picayune, Mississippi has undertaken Memorial Boulevard Roadway Improvements, Project No. STP-49-9601-00-004-10 to improve traffic safety and enhance aesthetics; and,

WHEREAS, the City of Picayune finds that it is deficient in Federal Surface Transportation Project (STP) funds (formerly known as FAU funds) with which to proceeds with said project; and,

WHEREAS, the Mississippi Department of Transportation (MDOT) has advised that it will approve an arrangement whereby such federal STP funds may be borrowed by the City of Picayune from another City's entitlement; and,

WHEREAS, the Mayor and Council of the City of Picayune, Mississippi, did pass a Resolution at a regular meeting held and conducted on the 18th day of September, 2001, authorizing the Mayor to enter into an Agreement with the City of Waynesboro for a loan of such funds as may be available and to obligate the City of Picayune to repay such loan from its future entitlements for a term not to exceed two (2) years; and,

WHEREAS, the City of Waynesboro has entitlements which it is willing to transfer tot he account of the City of Picayune, Mississippi, under the above terms, and has authorized its Mayor to enter into this Agreement.

NOW, THEREFORE, be it considered in the premises, the City of Picayune, Mississippi, and the City of Waynesboro, Mississippi, agrees as follows:

1. That the City of Waynesboro, Mississippi, hereby authorizes the Mississippi Department of Transportation to transfer to the account of the City of Picayune, Mississippi, for its use its FY-98, FY-99, FY-00 and FY-01 federal STP funds in an amount not-to-exceed $271,350.00 from the City of Waynesboro entitlement.

2. That the City of Picayune, Mississippi, hereby authorizes the Mississippi Department of Transportation, to transfer to the STP account of the City of Waynesboro, Mississippi, the future entitlements of the City of Picayune to such funds for a term not to exceed two (2) years, at which time said loan shall be repaid in full.

CITY OF PICAYUNE, MISSISSIPPI

_____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

CITY OF WAYNESBORO, MISSISSIPPI

_____
Marshall Wood, Mayor

ATTEST:

_____
Trish Hull, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR MAYOR TO SIGN CONTRACT AGREEMENT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds to authorize the Mayor to sign the following Contract Agreement between the City of Picayune and Neel-Schaffer, Inc. to provide construction engineering services in connection with the improvement of paving overlay, drainage improvements, driveways and curbs and gutter along Memorial Boulevard:

CONTRACT AGREEMENT FOR CONSTRUCTION ENGINEERING SERVICES

THIS AGREEMENT is entered into this 18th day of September 2001, between Neel-Schaffer, Inc. , P.O. Box 982, Hattiesburg, MS 39403 (hereinafter designated as the ENGINEER) and the Local Public Agency (LPA), City of Picayune, 203 Goodyear Boulevard, Picayune, Mississippi 39466, County of Pearl River , Mississippi (hereinafter designated as the LPA).

RECESSED MEETING DATED SEPTEMBER 18, 2001

WITNESSETH THAT:

WHEREAS, the LPA desires to engage the ENGINEER to provide construction engineering services in connection with the improvements of _paving overlay, drainage improvements, driveways and curb and gutter along Memorial Boulevard, Federal-Aid Project No. STP-9601(4)/49-9601-00-004-10 / Pearl River County.

NOW THEREFORE:

IT IS AGREED by and between the ENGINEER and the LPA as follows:

I. **CONSULTING ENGINEERING SERVICES:** The ENGINEER will furnish consulting services during construction of Federal Aid Project No. STP-9601(4)/49-9601-00-004-10, to the LPA of City of Picayune, County of Pearl River, Mississippi, to include the following: construction engineering for the construction contract, which shall be in accordance with the approved plans, specifications and contract documents, all of which are incorporated in and made a part of this AGREEMENT.

II. **ENGINEERING ADMINISTRATION:** The engineering administration of construction will be the responsibility of the LPA acting through the ENGINEER, and will be subject to inspection and approval of the Chief Engineer of the MISSISSIPPI D.O.T., (hereinafter designated as the DEPARTMENT), and of the Federal Highway Administration (FHWA) or their *representatives.*

III. **CONSTRUCTION ENGINEERING SERVICES:** Construction engineering services shall consist of all engineering work involved from the contract stage, beginning the date of FHWA concurrence in award of the construction contract, through the preparation and submission of the final estimate and supporting documents to the DEPARTMENT, and shall include the following:

A. Setting of all stakes to control the work, and resident project representation and other controls to insure that work is performed in accordance with the plans and specifications. All materials to be used in the construction of this project shall be tested and certified by the ENGINEER as meeting the requirements of the approved plans and specifications in accordance with Federal Aid Policy Guide (FAPG) 23CFR637B, Construction Inspection and Approval.

B. The ENGINEER shall promptly prepare, verify and recommend payment of all eligible Contractor's estimates: he shall maintain a project diary as the official project record for each project, showing the Contractor's daily operation; and the engineering daily activities by names, function performed and hours worked. He shall maintain records of the ENGINEER'S out-of-pocket cost plus additives for profit and overhead items. He shall check and verify the quantities of all materials incorporated in the project; and shall make prompt preparation and submission of the final estimate and supporting documents to the LPA for approval and payment. He shall likewise make such records available at all reasonable times during the contract period, and for three (3) years from the date of payment of the final estimate. These records, documents, and data shall be available for inspection by the LPA, DEPARTMENT, and the Federal Highway Administration and any other authorized representative of the Federal *Government, and copies thereof shall be furnished if requested.*

C. For work involved in Items (A), (B), and (D) the LPA will pay to the ENGINEER monthly for work done the previous month an amount equal to the ENGINEER'S out-of-pocket cost plus additives for profit and current overhead items (payroll, taxes, insurance, etc.) as provided for in Appendix "A" which is attached hereto and made part of this AGREEMENT. Monthly payments will be made on the basis of Certified Time Records. The maximum amount payable under this agreement shall be $159,981.20, including a fixed fee of $12,040.01, beyond which no funds will be authorized for payment without a Supplement-Agreement to this Agreement. Each monthly billing will be reduced by 5%, which shall be retained until final acceptance of the project by MDOT and FHWA.

D. The duties, responsibilities, and limitations of authority of the resident project representative(s) are listed in Appendix B, which is attached to and made a part of this AGREEMENT.

E. The responsible engineer employed by the ENGINEER is Charles H. Hill, P.E., Mississippi Registration No. 11087.

IV. **COVENANT AGAINST CONTINGENT FEES:** The ENGINEER warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the ENGINEER, to solicit or secure this contract, and that he has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the ENGINEER, any fee, commission, percentage, brokerage fee, gifts, or any other consideration, contingent upon or resulting from the award of the making of this contract. For breach or violation of this warranty, the DEPARTMENT shall have the right to annul this contract price, or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or other contingent fee.

V. **OWNERSHIP OF DOCUMENTS:** All project documents, including tracings, drawings, estimates, specifications, field notes investigations, studies, etc., as instruments of service are to become the property of the LPA. During the performance of the engineering services herein provided for, the ENGINEER shall be responsible for any loss of or damage to the documents herein enumerated while they are in his/her possession, and any such loss or damage shall be restored at his/her expense.

VI. **CHANGES IN WORK:** A Supplemental Agreement may be entered into between the LPA and the ENGINEER to increase the maximum amount payable under this contract for additional labor costs and expenses, provided there is a change in scope, character or complexity of the work to be performed. This Supplemental Agreement must be approved by the DEPARTMENT and the Federal Highway Administration prior to the performance of the additional work by the ENGINEER for which reimbursement will be requested.

VII. **DELAYS AND EXTENSIONS:** Engineering services shall be performed on a reasonable schedule for both the construction contract and for the preparation of reports and estimates and final documents. Approval of a delay of the submission must be requested by letter through the DEPARTMENT, giving reasons for the request and the approximate date proposed for submission of that data.

VIII. **TERMINATION OR SUSPENSION:** The terms of this contract shall be binding upon the parties hereto until the work has been completed and accepted by the LPA and all payments required to be made to the ENGINEER have been made; but this contract may be terminated under any or all of the following conditions:

A. By mutual agreement and consent of the parties hereto.

B. By the LPA as a consequence of the failure of the Engineer to comply with the terms, progress or quality of work in a satisfactory manner. Proper allowance will be made for circumstances beyond the control of the ENGINEER.

C. By either party upon failure of the other party to fulfill its obligations as set forth in this contract.

D. By the LPA due to the departure for whatever reason of any principal member or members of the ENGINEER firm.

E. By satisfactory completion of all services and obligations described herein.

F. By the LPA giving thirty (30) days notice to the ENGINEER in writing and paying fees which both parties, the Department and FHWA, agree are due for completed work. If termination is made by the LPA under Condition (F) after work has started, the ENGINEERS will be paid for actual service rendered on the basis of their certified and itemized direct payroll cost plus the applicable percentage rates to cover payroll and overhead costs plus direct costs; however, the fixed fee will be adjusted to allow the same percentage of the original agreed upon fixed fee that the amount earned is of the original estimated cost of the work. Upon termination, the ENGINEER shall deliver to the LPA all documents specified in Section V, and the LPA shall pay in full for all work accomplished up to the date of termination, including any retained percentage earned to date. Should the LPA desire to suspend the work but not definitely terminate the contract, this may be done by thirty (30) days notice in writing to that effect.

IX. **DISPUTES AND LAW VIOLATIONS:** Prior to the filing of any lawsuit in a court of competent jurisdiction, the LPA and ENGINEER shall mediate any disputes. The results of any mediation shall not be binding upon the LPA without the consent of the governing authorities of the LPA. The results of any mediation shall not be binding upon the ENGINEER without the consent of the ENGINEER. The DEPARTMENT shall review any proposed resolution of any dispute reached through mediation and such mediated resolution shall only become final upon concurrence by the DEPARTMENT. The requirement to mediate prior to the filing of any lawsuit shall not be construed as a waiver of any right in law or equity that the parties to this agreement have to present a dispute to a court of competent jurisdiction for resolution of that dispute. Violations of the law will be referred to the local, state, or federal authority having proper jurisdiction.

X. **RESPONSIBILITIES FOR CLAIMS AND LIABILITY:** The ENGINEER will indemnify and save harmless the LPA, and the DEPARTMENT, its officers and employees from or occasioned by, any act of or omission of the ENGINEER, his/her employees, agents or servants, resulting in bodily injury, property damage or death of any party.

In the event of joint or concurrent negligence of Engineer and LPA, each shall bear that portion of the loss or expense that its share of the joint or concurrent negligence bears to that total negligence (including that of third parties) which caused the personal injury or property damage.

XI. **SUBLETTING, ASSIGNMENT OR TRANSFER OF WORK:** The ENGINEER is expressly prohibited from subletting, assigning or transferring any part of these engineering services, other than the testing of materials, to any other person, firm or engineering consultant.

XII. **FEDERAL PROVISIONS:** See Appendix C, which is hereby made a part of this AGREEMENT.

XIII. **ENERGY CONSERVATION:** The Engineer warrants that he/she will conduct his/her office and field operations in an energy efficient manner in compliance with the State Energy Conservation Plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-165).

XIV. **TIME OF PERFORMANCE:** The construction engineering services of the ENGINEER shall start with **date of FHWA concurrence in the award of the construction contract by the LPA**, and be completed within 60 days after the final inspection and acceptance of the construction work performed by others. The services of the ENGINEER are anticipated to be needed and completed in an expedient manner. It is understood that construction progress of force account work by the LPA and/or contractor's work shall influence the time period for the ENGINEER'S services. Therefore, it is necessary that construction be completed in accordance with the original time limit set forth in the original construction schedule. When it becomes evident to the LPA that the maximum amount payable under Section III (c) will be depleted due to the need for more man-hours of work than estimated, a Supplement Agreement will be processed to provide for reimbursement to the ENGINEER for out-of-pocket expenses including overhead costs as provided for in Appendix A. The need for an adjustment in the fixed fee will be determined and made a part of the Supplemental Agreement if appropriate. This Supplemental Agreement must be approved by the DEPARTMENT and the Federal Highway Administration prior to the performance of additional work by the ENGINEER for which additional reimbursement will be requested. The estimated fees in Appendix A are based on the initial construction time estimate as included in the Contract Documents. If the construction time extends beyond the contract time, through no fault of the ENGINEER, the LPA agrees to pay the ENGINEER for the construction engineering services to complete the project with or without Federal participation, subject to approval by MDOT and FHWA.

XV. **LIMITATION OF ENGINEER'S SERVICES:** It is understood that the Construction Engineering Services and Resident Project Representative furnished by the ENGINEER under this agreement will endeavor to protect the LPA against defects and deficiencies in the work of the contractor but the ENGINEER does not guarantee the contractor's performance, nor assume any duty to supervise construction and safety procedures followed by any contractor or subcontractor, nor the LPA in the case of force account work performed directly by the LPA or their respective employees or by any other person, nor for any public liability for property damage caused through acts of the contractor, subcontractor, the LPA and or their employees or any other person.

XVI. **Subsurface Conditions and Utilities.** LPA recognizes that a comprehensive sampling and testing program implemented by trained and experienced personnel of ENGINEER or ENGINEER's subconsultants with appropriate equipment may fail to detect certain hidden conditions. LPA also recognizes that actual environmental, geological and geotechnical conditions that ENGINEER properly inferred to exist between sampling points may differ significantly from those that actually exist.

ENGINEER will locate utilities which will affect the project from information provided by the LPA and utility companies and from ENGINEER's surveys. In that these utility locations are based, at least in part, on information from others, ENGINEER cannot and does not warrant their completeness and accuracy.

XVII. **Hazardous Materials.** When hazardous materials are known, assumed or suspected to exist at a project site, ENGINEER is required to take appropriate precautions to protect the health and safety of his personnel, to comply with the applicable laws and regulations and to follow procedures deemed prudent to minimize physical risks to employees and the public. LPA hereby warrants that, if he knows that hazardous materials may exist at the project site, he will inform ENGINEER in writing prior to initiation of services under this Agreement.

Hazardous materials may exist at a site where there is no reason to believe they could or should be present. LPA agrees that the discovery of unanticipated hazardous materials constitutes a changed condition mandating a renegotiation of the scope of work or termination of services. ENGINEER agrees to notify

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XVI. **Subsurface Conditions and Utilities.** LPA recognizes that a comprehensive sampling and testing program implemented by trained and experienced personnel of ENGINEER or ENGINEER's subconsultants with appropriate equipment may fail to detect certain hidden conditions. LPA also recognizes that actual environmental, geological and geotechnical conditions that ENGINEER properly inferred to exist between sampling points may differ significantly from those that actually exist.

ENGINEER will locate utilities which will affect the project from information provided by the LPA and utility companies and from ENGINEER's surveys. In that these utility locations are based, at least in part, on information from others, ENGINEER cannot and does not warrant their completeness and accuracy.

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Hazardous materials may exist at a site where there is no reason to believe they could or should be present. LPA agrees that the discovery of unanticipated hazardous materials constitutes a changed condition mandating a renegotiation of the scope of work or termination of services. ENGINEER agrees to notify LPA as soon as practically possible should unanticipated hazardous materials or suspected hazardous materials be encountered.

The LPA and the ENGINEER each binds himself, his partners, successors, administrators and assigns to the other party to this AGREEMENT, and to the partners, successors, executors, administrators and assigns of each other party in respect of all of covenants this AGREEMENT.
The LPA and ENGINEER hereby agree to full performance of the covenants contained herein and it is understood that the work under this agreement is not eligible for Federal-Aid participation until approved by the DEPARTMENT AND FHWA.

IN WITNESS WHEREOF, they have executed this AGREEMENT the day and year first mentioned.

BY: _____ _____
Authorized LPA Official Title

_____ _____
For the Consultant Title

RECOMMENDED FOR APPROVAL: APPROVED:

_____ _____
Chief Engineer, MDOT Executive Director, MDOT

DATE: _____ DATE: _____

APPROVED: FEDERAL HIGHWAY ADMINISTRATION

BY: _____

DATE: _____

RECESSED MEETING DATED SEPTEMBER 18, 2001

APPENDIX "A"
AGREEMENT FOR ENGINEERING SERVICES
FEDERAL-AID PROJECT *STP-9601(4)/49-9601-00-004-10*
CITY/COUNTY *City of Picayune, Pearl River* County
ESTIMATED CONSTRUCTION ENGINEERING COSTS

Classification	Basic Hourly Rate *	Other Payroll Costs **	Other Overhead ***	Total Overhead	Total Hourly Rate	Estimated Number of Hours	Estimated Cost
Project Manager	$35.00	$14.51	$34.44	$48.95	$83.95	40	$3,358.04
Project Engineer	$30.00	$12.44	$29.52	$41.96	$71.96	90	$6,476.22
Senior Technician	$20.00	$8.29	$19.68	$27.97	$47.97	400	$19,188.80
Technician	$16.00	$6.63	$15.74	$22.38	$38.38	35	$1,343.22
Clerical	$13.00	$5.39	$12.79	$18.18	$31.18	90	$2,806.36
Inspector	$20.00	$8.29	$19.68	$27.97	$47.97	1400	$67,160.80
(Add all others as applicable)							
SUBTOTAL LABOR COST							$100,333.44
Fixed Fee (12%)							$12,040.01
Direct Expense							
Estimated Travel Mileage of 15,000 miles @ $0.325/Mile							$4,875.00
Meals and Lodging							$13,158.00
Other Expenses (Reproduction, etc.)							$4,574.75
TOTAL CONSULTANT ENGINEERING COST							$134,981.20
10% Engineering Contingencies							
Commercial Testing Laboratory Expense (Only if Federal-Aid Participating)							$25,000.00
TOTAL CONSTRUCTION ENGINEERING COSTS							$159,981.20

Notes:

* Basic hourly rate is direct salary rate. Hourly basic rate does not include any premium or overtime costs nor are premium or overtime costs included in other payroll cost or overhead.

** See attached form of percentages added for "other payroll costs" and "overhead."

*** Mileage Records: Keep a daily record of miles traveled and places visited to support mileage reimbursements. Sustenance Records: Secure receipts for meals and lodging and submit for reimbursement.

RECESSED MEETING DATED SEPTEMBER 18, 2001

NEEL-SCHAFFER, INC.
SCHEDULE OF OVERHEAD
FISCAL YEAR ENDED DECEMBER 31, 1999

	ALLOWABLE EXPENSES PER AUDIT*	ALLOCATION HOME	ALLOCATION FIELD	% ALLOCATED TO FIELD OFFICE
DIRECT LABOR	6,188,095.04	5,590,102.69	597,992.35	9.66%
FRINGE BENEFITS				
Bonuses	981,477.87	886,631.84	94,846.03	9.66%
Insurance-Employee	610,636.60	551,627.16	59,009.44	9.66%
Payroll Taxes	726,021.38	655,861.63	70,159.75	9.66%
Pension Plan/Profit Sharing	247,160.50	223,275.91	23,884.59	9.66%
	2,565,296.35	2,317,396.54	247,899.81	
GENERAL OVERHEAD				
Computer Expenses	234,693.80	226,709.76	7,984.04	3.40%
Continuing Education	162,848.78	157,308.84	5,539.94	3.40%
Depreciation	342,775.00	331,114.16	11,660.84	3.40%
Dues & Subscriptions	71,535.08	69,101.53	2,433.55	3.40%
Insurance-Business	131,878.76	127,392.38	4,486.38	3.40%
Indirect Salaries	3,037,025.89	2,743,540.05	293,485.84	9.66%
Miscellaneous	72,858.60	70,380.03	2,478.57	3.40%
Professional Services	176,755.57	170,742.53	6,013.04	3.40%
Rent-Building	677,566.50	654,516.40	23,050.10	3.40%
Rent-Equipment	252,614.81	244,021.12	8,593.69	3.40%
Repair & Maintenance	86,371.61	83,433.34	2,938.27	3.40%
Supplies/Office Exp	321,426.88	310,492.28	10,934.60	3.40%
Taxes/Licenses/Fees	27,727.00	26,783.76	943.24	3.40%
Telephone	156,334.42	151,016.09	5,318.33	3.40%
Travel	106,778.91	103,146.40	3,632.51	3.40%
Bad Debts	0	0	0	3.40%
Contributions	0	0	0	3.40%
Interest	0	0	0	3.40%
Other Unallowed		0	0	3.40%
Indirect Costs	0	0	0	3.40%
	5,859,191.61	5,469,698.67	389,492.94	

* Louisiana Department of Transportation and Development FAR salary caps not included in these numbers.
Figures based on Louisiana Department of Transportation and Development Schedule of Overhead Audit Report No. 010088 with a $200,000 cap on salaries.
Rates accepted by Mississippi Department of Transportation Internal Audit Division on December 6, 2000

Indirect salaries were allocated to the Field Office on the basis of Field Office Direct Labor divided by Total Direct Labor = 9.66%

597,992.35 / 6,188,095.04

Indirect expenses supporting field office for support of the indirect salaries were allocated to the Field Office on the basis of the allocated indirect salaries as determined above, divided by Total Home Office Salaries = 3.40%

293,485.84 / 8,627,128.58

	Total		Home Office		Field Office	
Fringe Benefits	2,565,296.35	41.46%	2,317,396.54	41.46%	247,899.81	41.46%
	6,188,095.04		5,590,102.69		597,992.35	
General O/H	5,859,191.61	94.68%	5,469,698.67	97.85%	389,492.94	65.13%
	6,188,095.04		5,590,102.69		597,992.35	
Total O/H		136.14%		139.31%		106.59%
Facility Cost of Capital		0.61%		0.55%		0.06%
Combined Rate		136.75%		139.86%		106.65%

APPENDIX B

A LISTING OF THE DUTIES, RESPONSIBILITIES AND LIMITATIONS OF AUTHORITY OF THE RESIDENT PROJECT REPRESENTATIVE.

The ENGINEER shall furnish a Resident Project Representative (RPR), assistants and other field staff to assist the ENGINEER in inspecting performance of the Work of the CONTRACTOR. Through more extensive on-site inspections of the Work in progress and field checks of materials and equipment by the RPR and assistants, the ENGINEER shall endeavor to provide further protection for the LPA against defects and deficiencies in the Work; but, the furnishing of such services will not make the ENGINEER responsible for or guarantee the CONTRACTOR'S performance, nor assume any duty to supervise construction and safety procedures followed by the CONTRACTOR or subcontractors. The duties and responsibilities of the RPR are limited to those of the ENGINEER in the ENGINEER'S agreement with the LPA and in the construction Contract Documents, and are further limited and described as follows:

I. General:

The RPR is the ENGINEER'S agent at the site, will act as directed by and under the supervision of the ENGINEER, and will confer with the ENGINEER regarding RPR'S actions. The RPR'S dealings in matters pertaining to the on-site work shall in general be with the ENGINEER and CONTRACTOR, keeping the LPA advised as necessary. The RPR'S dealings with subcontractors shall only be through or with the full knowledge and approval of the CONTRACTOR. The RPR shall generally communicate with the LPA with the knowledge of and under the direction of the ENGINEER.

II. Duties and Responsibilities of the RPR:

A. Schedules:
Review progress schedule of Shop Drawing submittals and schedule of values prepared by the CONTRACTOR and consult with the ENGINEER concerning acceptability.

B. Conferences and Meetings: Attend meetings with the CONTRACTOR, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.

C. Liaison:
1. Serve as the ENGINEER'S liaison with the CONTRACTOR, working principally through the CONTRACTOR'S superintendent and assist in understanding the intent of the Contract Documents; and assist the ENGINEER in serving as the LPA'S liaison with the CONTRACTOR when the CONTRACTOR's operations affect the LPA's on-site operations.
2. Assist in obtaining from the LPA additional details or information, when required for Proper execution of the Work.

D. Shop Drawings and Samples:
1. Record the date of receipt of Shop Drawings and samples.
2. Take samples and receive samples which are furnished at the site by the CONTRACTOR, and notify the ENGINEER of availability of samples for examination.
3. Advise the ENGINEER and the CONTRACTOR of the commencement of any Work requiring a Shop Drawing or sample if the submittal has not been approved by the ENGINEER.

E. Review of Work, Rejection of Defective Work, Inspections and Tests:
1. Conduct on-site observations of the Work in progress to assist the ENGINEER in determining if the Work is in general proceeding in accordance with the Contract Documents.
2. Report to the ENGINEER whenever the RPR believes that any Work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise the ENGINEER of Work that the RPR believes should be corrected or rejected for should be uncovered for observation, or requires special testing, inspection or approval.
3. Verify that tests, equipment and systems startups and operating and maintenance training are conducted in the presence of appropriate personnel, and that the CONTRACTOR maintains adequate records thereof; and

[illegible] MEETING DATED SEPTEMBER 18, 2001

4. [illegible] to ENGINEER appropriate details [illegible] to the test procedures and startups.

H. [illegible] results

I. [illegible] ENGINEER [illegible]

Reports:

1. Furnish the ENGINEER periodic reports as required of progress of the Work and of the CONTRACTOR'S compliance with the progress schedule and [illegible]

[illegible] and schedule of Shop [illegible]

2. Drawing and sample submittals.
Consult with the ENGINEER in advance [illegible]

[illegible] in advance of scheduled major tests, inspections or start of important phases of the Work.

3. Draft proposed Supplemental Agreements, Quantity Adjustments and Work Directive Changes, obtaining backup material from the CONTRACTOR; and recommend Supplemental Agreements, Quantity Adjustments, Work Directive Changes, and Field Orders to the ENGINEER.
4. Report immediately to the ENGINEER and to the LPA upon the occurrence of any accident.

J. Payment Requests:
Review applications for payment with the CONTRACTOR for compliance with the established procedure for their submission and forward with the RPR's recommendations to the ENGINEER, noting particularly the relationship of the payment requested to the schedule of values and Work completed and materials and equipment delivered to the site but not incorporated in the Work.

K. Certificates, Maintenance and Operation Manuals:
During the course of the Work verify that certificates, maintenance and operations manuals and other data required to be assembled and furnished by the CONTRACTOR are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to the ENGINEER for review and forwarding to the LPA prior to final payment for the Work.

L. Completion:

1. Before the ENGINEER issues a Certificate of Substantial Completion, submit a list of observed items requiring completion or correction to the Contractor.

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observe, record and report to ENGINEER appropriate details relative to the test procedures and startups.

4. Accompany visiting inspectors representing the public or other agencies having jurisdiction over the Project, record the results of these inspections and report to the ENGINEER.

F. Interpretation of Contract Documents:
Report to the ENGINEER when clarifications and interpretation of the Contract Documents are needed and transmit to the CONTRACTOR clarifications and interpretations as issued by the ENGINEER.

G. Modifications:
Consider and evaluate the CONTRACTOR'S suggestions for modifications in Drawings or Specifications and report with the RPR'S recommendations to the ENGINEER. Transmit to the CONTRACTOR decisions as issued by the ENGINEER.

H. Records:

1. Maintain at the job site orderly files for correspondence, reports of job conferences, Shop Drawings and samples, reproductions of original Contract Documents including all Work Directive Changes, Addenda, Change Orders, Field Orders, additional Drawings issued subsequent to the execution of the Contract, ENGINEER'S clarification and interpretations of the Contract Documents, progress reports, and other Project related documents.
2. Keep a diary signed daily, recording the CONTRACTOR hours on the job site, weather conditions, data relative to questions of Work Directive Changes, Change Orders or changed conditions, list of job site visitors, daily activities of the prime contractors and all subcontractors, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to the ENGINEER.
3. Record names, addresses and telephone numbers of all CONTRACTORS, subcontractors and major suppliers of materials and equipment.

I. Reports:

1. Furnish the ENGINEER periodic reports as required of progress of the Work and of the CONTRACTOR'S compliance with the progress schedule and schedule of Shop Drawing and sample submittals.
2. Consult with the ENGINEER in advance of scheduled major tests, inspections or start of important phases of the Work.
3. Draft proposed Supplemental Agreements, Quantity Adjustments and Work Directive Changes, obtaining backup material from the CONTRACTOR; and recommend Supplemental Agreements, Quantity Adjustments, Work Directive Changes, and Field Orders to the ENGINEER.
4. Report immediately to the ENGINEER and to the LPA upon the occurrence of any accident.

J. Payment Requests:
Review applications for payment with the CONTRACTOR for compliance with the established procedure for their submission and forward with the RPR's recommendations to the ENGINEER, noting particularly the relationship of the payment requested to the schedule of values and Work completed and materials and equipment delivered to the site but not incorporated in the Work.

K. Certificates, Maintenance and Operation Manuals:
During the course of the Work verify that certificates, maintenance and operations manuals and other data required to be assembled and furnished by the CONTRACTOR are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to the ENGINEER for review and forwarding to the LPA prior to final payment for the Work.

L. Completion:

1. Before the ENGINEER issues a Certificate of Substantial Completion, submit a list of observed items requiring completion or correction to the Contractor.

2. Conduct a final inspection in the company of the ENGINEER, the LPA, the CONTRACTOR, the MDOT, & FHWA, and prepare a final list of items to be completed or corrected.
3. Observe that all items on-the final list have been completed or corrected and make recommendations to the ENGINEER concerning acceptance.

III. Limitations of Authority.

The Resident Project Representative:

A. Shall not authorize any deviation from the Contract Documents or substitution of materials or equipment, unless authorized by the ENGINEER.

B. Shall not exceed the limitations of the ENGINEER'S authority as set forth in the Contract Documents.

C. Shall not undertake any of the responsibilities of the CONTRACTOR, subcontractors or the CONTRACTOR's superintendent.

D. Shall not advise on, issue directions relative to, or assume control over any aspect of the means, method, techniques, sequences or procedures of construction unless such advise or directions are specifically required by the Contract Documents.

E. Shall not advise on, issue directions regarding, or assume control over safety precautions and programs in connection with the Work.

F. Shall not accept Shop Drawing or sample submittals from anyone other than the Contractor.

G. Shall not authorize the LPA to occupy the Project in whole or in part.

H. Shall not participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by ENGINEER.

APPENDIX C
FEDERAL PROVISIONS

The following required contract provisions shall apply to this CONTRACT and AGREEMENT:

I. CIVIL RIGHTS ACT: The CONSULTANT will comply with the regulations of the Department of Transportation relative to nondiscrimination in federally assisted programs of the Department of Transportation, Title 49, Code of Federal Regulations, Part 21.

A. The CONSULTANT agrees to comply: All contracts and subgrants in excess of $10,000 shall include provisions for compliance with Executive Order No. 11246, entitled, "Equal Employment Opportunity, " as supplemented in Department of Labor Regulations (41 CFR, Part 60). Each contractor or subgrantee shall be required to have an affirmative action plan which declares that it does not discriminate on the basis of race, color, religion, creed, national origin, sex, age or disability and which specifies goals and target dates to assure the implementation of that plan. The grantee shall establish procedures to assure compliance with this suspected or reported violations are promptly investigated.

B. The CONSULTANT agrees to comply with Title VI of the Civil Rights Act of 1964 as amended by 49 CFR 21 through Appendix C and 23 CFR 710.405 (b).

C. Pursuant to 49 CFR Part 26, the following statements regarding disadvantaged business enterprises are included in, and made a part of this CONTRACT and AGREEMENT:

It is the policy of the Mississippi Department of Transportation to comply with the requirements of 49 C.F.R. 26, to prohibit unlawful discrimination, to meet it's goal for DBE participation, to meet that goal whenever possible by race-neutral means, to create a level playing field, and to achieve that amount of DBE participation that would be obtained in an non-discriminatory market place. To meet that objective

in any United States Department of Transportation assisted contracts, the Mississippi Transportation Commission and the CONSULTANT shall comply with the "Mississippi Department of Transportation's Disadvantaged Business Enterprise Programs For United States Department Of Transportation Assisted Contracts".

Neither the CONSULTANT (Contractor), nor any sub-recipient or sub-contractor shall discriminate on the bases of race, color, national origin, or sex in the performance of this contract. The CONSULTANT (Contractor) shall carry out applicable requirements of 49 C.F.R. 26 in the award and administration of United States Department of Transportation assisted contracts. Failure of the CONSULTANT (Contractor) to carry out those requirements is a material breach of the contract which may result in the termination of this contract or such other remedies as the Mississippi Department of Transportation deems appropriate.

II. CONSTRUCTION ENGINEERING SERVICES - In accordance with 23 CFR 1204, Supp. D, Paragraphs e., f., and g., Attachment 0, and 49 CFR Part 18C, Paragraphs 12 and 13:

A. All contracts and subgrants for construction or repair shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). This Act provides that each contractor or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The grantee shall report all suspected or reported violations to the grantor agency.

B. When required by the Federal grant program legislation, all construction contracts awarded by grantees and subgrantees in excess of $2,000 shall include a provision for compliance with the Davis - Bacon Act (40 USC 276a to a7) and as supplemented by Department of Labor regulations (29 CFR, Part 5). Under this Act contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less often than once a week. The grantee shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The grantee shall report all suspected or reported violations to the grantor agency.

C. Where applicable, all contracts awarded by grantees and subgrantees in excess of $2,000 for construction contracts and excess of $2,500 for other contracts which involve the employment of mechanics or laborers shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basis rate of pay for all hours worked in the excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

D. Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857 (h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15) (Contracts, subcontracts, and subgrants of amounts in excess of $100,000).

E. Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in

compliance with the Energy Policy and Conservation Act (Pub. L. 94-163).

III. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS

Certification in accordance with 49 CFR Part 29, Subpart E, Section 29.510, Appendix A:

(A) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
3. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and
4. Have not within a three-year period preceding this application/proposal had one or more public transaction (Federal, State, or local) terminated for cause or default.

(B) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Bounds, seconded by Councilmember Parker to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST: Sabrina Diamond

Sabrina Diamond, City Clerk

October 2, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, October 2, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy, and Jerry Bounds, Interim City Manager Sabrina Diamond, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Allen Hickman, followed by the Pledge of Allegiance led by Councilmember Lucian Roberson.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to approve the minutes of the Mayor and City Council dated September 4, 2001 and September 11, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF RETIREMENT DEVELOPMENT MONTHLY ACTIVITIES REPORT

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to acknowledge receipt of Retirement Development Monthly Activities Report for August 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to authorize the issuance of the following manual checks:

MS. State Tax Commission	Utility	NTE $ 3,500.00
City of Picayune, General	Utility	NTE $ 50,000.00
Trustmark National Bank	General	$ 12,277.81
Charles Dunhurst	General	$ 11.70
Reginald Oliver	Utility	$ 15.70
Workers' Comp. Insurance	General	$ 36,158.70

	Utility Cemetery Airport		
MS Municipal League	General	$	3,461.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to void the 2001 tax sale for 2000 taxes for parcel #617-111-002-01-010-00, due to erroneous assessment by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to authorize the Mayor to sign a quitclaim deed for 1982-1993 taxes in the name of Ben Burge, on parcel #617-102-000-00-065-00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADOPT NATIONAL SCHOOL LUNCH WEEK PROCLAMATION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to adopt the following proclamation:

NATIONAL SCHOOL LUNCH WEEK PROCLAMATION

WHEREAS, The National School Lunch Program has served our nation admirably for 55 years through advanced practices and nutrition education; and

WHEREAS, The National School Lunch Program is dedicated to the health and well-being of our nation's children; and

WHEREAS, The National School Lunch Program has been joined through the years by many other excellent child feeding programs; and there is evidence of continued need for nutrition education and awareness of the value of school nutrition programs.

NOW THEREFORE, the Picayune City Council of the City of Picayune, Mississippi, do hereby proclaim the week of October 15-19, 2001 as **NATIONAL SCHOOL LUNCH WEEK** and encourage all residents to become aware and concerned

about their children's and their own nutrition habits, in hope of achieving a more healthful citizenry for today and the future.

ADOPTED this 2nd day of October 2001.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADOPT DOMESTIC VIOLENCE AWARENESS MONTH PROCLAMATION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to adopt the following proclamation:

PROCLAMATION
DOMESTIC VIOLENCE AWARENESS MONTH

WHEREAS, communities throughout our country cannot afford to ignore the tragedies of **Domestic Violence**; and

WHEREAS, **Domestic Violence** is more than just an occasional family dispute; and

WHEREAS, the Department of Health and Human Services has stated that **Domestic Violence** is the single largest cause of injury to American women of all cultural, racial and economic backgrounds; and

WHEREAS, **Domestic Violence** is not just a family matter. It affects each and everyone of us throughout the country; and

WHEREAS, the State of Mississippi, Pearl River County and the City of Picayune are working collectively to create a safe environment for women; and

WHEREAS, **Domestic Violence** is a serious violation of the law and critical social problem;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of the City of Picayune, Mississippi, do hereby proclaim the month of October, 2001 as

DOMESTIC VIOLENCE AWARENESS MONTH

And encourage the citizens of our area to observe this month by joining friends, fellow employees, school, religious and civic groups in projects that will benefit our community in the fight to stop **Domestic Violence**.

ADOPTED this the 2nd day of October 2001.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ACKNOWLEDGE ATTENDANCE AT TRAINING FOR COURT CLERK

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to acknowledge Robin Thomas' attendance at the Municipal Court Clerk's Fall Statewide Seminar held on September 13-14, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENTS TO COMMUNITY DEVELOPMENT ADVISORY COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to appoint the following members to the Community Development Advisory Commission for a one year term to expire in August 2002:

Henry Dunn
Mary Ellen Bright
Alvie White
Edward Stubbs
Emma Hair
Alfredrick Robinson
Borzell Langham

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ANIMAL SHELTER AGREEMENT WITH THE PEARL RIVER COUNTY SPCA

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to approve the following Animal Shelter Agreement with the Pearl River County SPCA:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

ANIMAL SHELTER AGREEMENT

This Animal Shelter Agreement made and entered into upon this, the 2nd day of October, A.D., 2001, by and between the **Pearl River County Society for the Prevention of Cruelty to Animals**, a non-profit Mississippi corporation, hereinafter

called "SPCA", and the **City of Picayune**, a Municipal corporation of the State of Mississippi, hereinafter called "City".

WHEREAS, the Mayor and Council of the City of Picayune, find that it would be in the best interest and welfare of the City of Picayune, and its citizens, that a contract be entered into with the Pearl River County SPCA for the purpose of housing and providing shelter for stray and unwanted animals picked up by the Animal Control Officer, and for the other purposes provided by Ordinance for care, maintenance, and, as needed, the humane disposal of such animals, and

WHEREAS, the City of Picayune is the owner of an animal shelter and is willing to make said animal shelter available to the SPCA for the purposes hereinafter set forth.

NOW THEREFORE, in the furtherance thereof the parties agree, each with the other, as follows, to-wit:

1. Duties and obligations of the City:

a) The City shall make available to the SPCA for such period of time as the SPCA shall use said premises in conformity with the agreement, the Picayune Animal Shelter building and incidental grounds thereabout, for a term ending on September 30, 2002, further, the City shall maintain the heat, air conditioning, plumbing, freezer and roof. Insofar as it may lawfully do so, the City has and does by these presents hereby release and discharge the SPCA from any cause of action for personal injury occurring in the building.

b) For the services to be performed under this agreement, the City shall pay into a bank account to be known as the Animal Shelter Account, which account is subject to audit by City auditors, the sum of $2,057.00 per month, commencing upon the execution of the agreement and continuing monthly thereafter for the remainder of the term of this agreement. This bank account shall be under the control and supervision of the SPCA.

c) From time to time, the Animal Control Officer shall deliver to the SPCA at said animal shelter building such animals as may be taken into custody in violation of the Ordinances of the City of Picayune, and the Animal Control Officer shall be responsible for unloading such animal or animals into a mutually agreeable holding area or pen, and shall receive a receipt for each such animal delivered into the holding area or pen.

d) The Animal Control Officer shall make timely disclosure to the SPCA personnel any information that has come to his attention concerning the ownership of any such animal or the heal or behavior of such animal.

e) The Animal Control Officer shall not deliver to the SPCA any animal which is readily determined to be rabid or which otherwise presents a clear and present danger to the public safety. Such animals shall be treated, on a case basis, under guidelines agreed upon by the City, the SPCA, and the Mississippi State Health Department.

2. Duties and obligations of the SPCA:

a) The SPCA shall staff and man the facility.

b) The SPCA shall make every reasonable effort to locate the owner of animals delivered to the animal shelter.

c) The SPCA shall care for the animals, maintain the facility in a clean and orderly condition, pay for all utilities, and conduct the day-to-day operation of the facility in conformity with all applicable federal, state and local laws or ordinances, to include but not limited to the disposal of animals in accordance with applicable laws and ordinances.

d) The SPCA shall operate the Animal Shelter on a continuous basis, with the actual hours which the shelter is open to the public to be determined by the SPCA. However, the hours which the shelter is open to the public shall not be less than thirty (30) hours per week, said hours to be set by a Letter Agreement between the SPCA and the City Manager. Likewise, procedure for receipt of animal's hours shall be established by Letter Agreement between the SPCA and the City Manager.

e) All records of operation or funds received and expended by the SPCA under the provisions of this agreement are available to the City, or its auditors, upon reasonable notice.

3. **Special provisions:**

a) This agreement may be terminated by either party upon 60-days written notice to the other party.

b) Provisions not covered by this agreement, or renegotiations of any part of this agreement, may be undertaken by mutual consent of the parties.

c) The parties agree that medical evaluation of said animals is not the responsibility of the SPCA, and the City agrees to indemnify the SPCA, its agents, volunteers, employees, board of directors, officers, successors, and assigns from any responsibility or liability resulting from the physical condition and/or actions of said animals, both during the holding period and after their release, if any.

d) Court Animals. Those animals that are ordered held, seized or otherwise retained by a court of law will be accepted by the SPCA from the Animal Control Officer as provided in this Agreement. For every such animal delivered, the City agrees to deliver to the SPCA within forty-eight (48) hours of delivery of the animal the pertinent court documentation evidencing the court's intent to hold, seize or otherwise retain such animal. If such documentation is not forthcoming within forty-eight (48) hours of delivery of the animal, disposition of the animals is left to the sole discretion of the SPCA. The cost per day on animals held in court cases shall be as set forth below:

1) FOR CATS IMPOUNDED DURING ONE (1) CALENDAR YEAR:
   a) First Offense - $5.00 plus $1.00 for each day of impoundment
   b) Second Offense - $15.00 plus $1.00 for each day of impoundment
   c) Third Offense - $25.00 plus $1.00 for each day of impoundment
   d) Fourth or Subsequent Offense - $100.00 plus $1.00 for each day of impoundment.

2) FOR DOGS IMPOUNDED DURING ONE (1) CALENDAR YEAR:
   a) First Offense - $10.00 plus $2.00 for each day of impoundment
   b) Second Offense - $20.00 plus $2.00 for each day of impoundment
   c) Third Offense - $40.00 plus $2.00 for each day of impoundment
   d) Fourth or Subsequent Offense - $200.00 plus $5.00 for each day of impoundment.

3) FOR LIVESTOCK IMPOUNDED DURING ONE (1) CALENDAR YEAR:
   a) First Offense - $40.00 plus $5.00 for each day of impoundment
   b) Second Offense - $75.00 plus $5.00 for each day of impoundment
   c) Third Offense - $100.00 plus $5.00 for each day of impoundment
   d) Fourth or Subsequent Offense - $200.00 plus $5.00 for each day of impoundment.

4) RABIES VACCINATION CHARGE:
   All charges for rabies vaccination, if required, while in the care of the Picayune Animal Shelter.

5) These fees are exclusive of any fines, cost of court, etc., which may result from any violation of any section of this ordinance.

WITNESS our signatures, in duplicate copies, for the purposes herein above set forth and on the date herein above first written in the City of Picayune, Pearl River County, Mississippi.

Pearl River County Society for the Prevention of Cruelty to Animals

BY: _____
Its President

City of Picayune

BY: _____
Greg Mitchell, Mayor

ATTEST:

_____
Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN MEMORANDUM OF AGREEMENT FOR MEMBERSHIP IN MISSISSIPPI MAIN STREET ASSOCIATION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to authorize the Mayor to sign the following Memorandum of Agreement:

MEMORANDUM OF AGREEMENT FOR CONTINUATION IN MISSISSIPPI MAIN STREET ASSOCIATION'S MAIN STREET-URBAN MAIN STREET-SMALL TOWN PROGRAM

This agreement is entered into and executed by the Mississippi Main Street Association (hereinafter referred to as the "MMSA") and the City of Picayune and/or sponsoring organization Picayune Main Street (hereinafter referred to as "community").

Whereas, this agreement is for the purpose of said community continuing to participate in the Mississippi Main Street Program, and

Whereas, the MMSA is under contract with the Mississippi Department of Economic and Community Development to administer the Main Street Program and to provide technical assistance and training to selected communities;

Now, therefore, in consideration of the foregoing and mutual covenants and agreements contained herein, the parties have agreed to the following:

Section I: Community Agrees to:

1. Continue to employ a project manager who will be responsible for the day-to-day administration of the Main Street Program. In the event the manager's position is vacated during the term of this agreement, the community agrees to fill the position within ninety (90) days, and to send the manager to manager's training as designated by the MMSA as soon as the position has been filled.
2. Expend funds and in-kind services for continuation of the Main Street Program, including but not limited to maintaining a full-time office with the necessary travel and operating budget for the local program. A copy of the community's Main Street Program budget certified by revenue sources is required.
3. Continue to implement a comprehensive approach to downtown revitalization following the four-point approach methodology recommended by the National Main Street Center and the Mississippi Main Street Program, including development of annual written work plans for the local Main Street Program and the establishment of a strong, broad-based organizational system to include but not be limited to the following committee: nominations and executive, promotion, design, and economic restructuring.
4. Concentrate the Main Street Program activities within the boundaries that are designated by the local program.

5. Maintain data for monitoring the progress of the Main Street Program, submit progress reports using formats provided by the MMSA (see sample attached) and provide other information requested by the MMSA on or before the identified deadlines.
6. Authorize the local program manager's participation in Main Street Manager meetings scheduled periodically around the state. The community shall be responsible for the manager's travel costs and expenses associated with these meetings, unless otherwise authorized by the MMSA in writing.
7. Promote and encourage committee and board members attendance at local, state and national training opportunities, as identified by the MMSA.
8. Have at least sixty percent (60%) of persons designated to participate in all the MMSA on-site services committed to attend at least 48 hours before the scheduled event. The MMSA reserves the right to cancel said on-site service if this requirement is not met.
9. Assist in local arrangements during on-site and public relations visits to the community, as requested by the MMSA.
10. Provide the MMSA with three (3) copies of any materials and/or publications relating to the community's Main Street Program.
11. Maintain an active membership in the Mississippi Main Street Association participating at the Main Street Program membership level. Agree to acknowledge being an official Mississippi Main Street city and membership in the MMSA on all printed materials.

Section II: MMSA Agrees To:

1. Designate a State Main Street Coordinator to handle all communications with the community, the MMSA, state government agencies and the National Main Street Center, as they relate to the local Main Street Programs and the efforts of downtown revitalization in Mississippi.
2. Conduct a Main Street training session for all program managers, board members, committee members and local government representatives from the main Street communities, and provide all necessary materials related to training.
3. Conduct regional training sessions for new board members, and one on-site training session in the community for development of goals, objectives and annual work plan. The MMSA will also provide guidelines and other materials designed to assist in the educational process.
4. Conduct quarterly regional meetings and workshops to further develop and refine the skills of the program managers, board members, committee members and local government representatives.
5. Conduct a three-day annual statewide conference providing a forum and workshops to promote education and networking with other individuals, communities and with local, state and national agencies involved in downtown revitalization.
6. Provide advice, technical assistance and on-site visits to the local program manager and community on a continuing basis, as requested by local program.
7. Facilitate and promote ongoing press coverage of the Mississippi Main Street Program and its individual local programs.
8. Provide a resource manual with continuing updates on information available through the resource center at the MMSA, from the National Main Street Center and other sources.
9. Provide as part of the resource center audio-visual and published materials relating to downtown revitalization on a loan basis.
10. Conduct a one-day site visit or round table discussion with local Board, Committee Chairs & Managers to evaluate the program's progress for the past year and aid the community in deciding the direction of the program in the upcoming year.

Section III: MMSA and The Community Jointly Agrees That:

1. The term of this agreement shall be for 1 year, beginning October 1, 2001 and ending on September 30, 2002. It may be extended or revised by both parties.
2. Notwithstanding any other provisions of this agreement, if funds anticipated for continued fulfillment, at the agreement are, at any time, not forthcoming or insufficient, either through the failure of the State of Mississippi to appropriate funds for continuation of the contractual agreement with the MMSA, discontinue or material alteration of the program for which funds were provided, then the MMSA shall have the right to amend or terminate this agreement without penalty by giving the community not less than sixty (60) days written notice.
3. If the community fails to fulfill its obligations under this agreement in a timely and proper manner, or if the community violates any terms of this agreement, the MMSA shall have the right to terminate this agreement and withhold further services by giving the community not less than (60) days written notice.
4. Jointly hold each other harmless for any activities of the other including but not limited to general liability, automobile liability, worker's compensation, and employer's liability.

WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT.

BY: _____ DATE: _____
MAYOR

_____
LOCALITY

BY: _____ DATE: _____
PRESIDENT/
BOARD CHAIRPERSON

_____
NAME OF SPONSORING
ORGANIZATION

BY: _____ DATE: _____
PRESIDENT, MMSA BOARD OF
DIRECTORS

BY: _____ DATE: _____
EXECUTIVE DIRECTOR, MMSA

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER CHANGE ORDER #1 ON CONTRACT FOR PUMP STATION REHABILITATION

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to authorize the Mayor to sign Change Order #1 on the contract for pump station rehabilitation with Greenbriar Digging Service for an 18 days extension of the contract due to inclement weather conditions in the month of August. There is no change in the total contract amount of $110,714.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the monthly claims docket for September, 2001 in the total amount of $528,212.87. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to acknowledge receipt of the minutes of the Planning Commission dated September 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR REZONING ON EAST CANAL

After discussion from the property owner and residents in the area, motion was made by Councilmember Watts, seconded by Councilmember Roberson, to deny the request for rezoning of property located on East Canal Street and owned by Bruce Staten from A-1 to M-1. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers, Roberson, Watts and Bounds

VOTING NAY: Councilmembers Parker and Guy

The motion was declared carried.

CONSIDER REQUEST TO CLOSE AND VACATE OAK STREET

After discussion of the proposed building plans of First Baptist Church and discussion of opposition of some residents in the area, motion was made by Councilmember Roberson, seconded by Councilmember Watts, to close Oak Street contingent upon the negotiation of the relocation of utilities with First Baptist Church. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE RESOURCES OF THE CITY

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to approve the request from the Picayune Memorial High School Yearbook Staff to advertise resources of the City by purchasing an ad in the yearbook in the amount of $125.00 and to issue a manual check for the same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PYAA

Allen Hickman, President of PYAA, addressed the Council regarding the need for additional playing fields for the baseball and soccer programs. No official action was taken.

CONSIDER SETTING DATE FOR PUBLIC HEARING TO CLOSE RAILROAD CROSSINGS

Upon the request of Bill Hughes of Norfolk Southern Railroad and Steven Edwards of the Mississippi Department of Transportation, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to set November 6, 2001 at 6:00 p.m. in the Courtroom of the Criminal Justice Center for a public hearing concerning the closure of the railroad crossings at McGeehee Lane and West Sycamore Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

At this time Councilmember Guy left the meeting.

CONSIDER REQUEST FOR FRONT YARD VARIANCE

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to approve a 4' front yard variance to place a deck and wheel chair ramp at 221 Williams Avenue, C-2 zone. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

At this time Councilmember Guy returned to the meeting.

CONSIDER REQUEST FOR FRONT YARD VARIANCE

Motion was made by Councilmember Bounds, seconded by Councilmember Watts, to table the request for a front yard variance at 507 South Harvey Avenue. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED OCTOBER 2, 2001

CONSIDER APPOINTMENTS TO PLANNING COMMISSION

Motion was made by Councilmember Bounds, seconded by Councilmember Watts, to table appointments to the Planning Commission for three year terms to expire September 30, 2004. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Watts, Guy and Bounds

VOTING NAY: Councilmember Roberson

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to accept the minutes of the Planning Commission dated August 16, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to enter executive session to discuss two matters of ongoing litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Mayor reopened the meting to publicly announce that the Council would enter executive session to discuss two matters of ongoing litigation.

REGULAR MEETING DATED OCTOBER 2, 2001

RETURN TO REGULAR SESSION

At the conclusion of the executive session, upon motion of Councilmember Roberson, seconded by Councilmember Watts, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed two mattes of ongoing litigation and took no action.

CONSIDER REQUEST FOR ANNEXATION

The City Manager stated that the City had received a request for annexation of approximately 12.5 acres located on the north side of Highway 43 North. The property is not adjacent to the current boundaries of the City. Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to take the request for annexation under advisement. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ADVERTISEMENT OF CITY MANAGER POSITION

Motion was made by Councilmember Bounds, seconded by Councilmember Parker, to advertise that the Council will take applications for the position of City Manager. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

The motion was declared carried.

ORDER TO RECESS

Motion was made by Councilmember Parker, seconded by Councilmember Bounds to recess until October 16, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

October 16, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, October 16, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager Sabrina Diamond, Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Councilmember Roberson, followed by the Pledge of Allegiance led by Councilmember Parker.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve the minutes of the Mayor and Council dated September 17, 2001 and September 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the issuance of the following manual checks:

MS. State Tax Commission	General	$ 12.00
David Earl Johnson, Chancery Clerk	General	$ 42.00
Ms. Main Street Assoc.	General	$ 2,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED OCTOBER 16, 2001

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to acknowledge receipt of the monthly budget report for September 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the Mayor to sign a quitclaim deed in the name of Donald Byrne on parcel # 617-521-003-01-013-00 for 1998 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOMENT ASSOCIATION

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to acknowledge receipt of the minutes of the Pearl River County Development Association (PRCDA) dated August 27, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ADKNOWLEDGE RECEIPT OF RETIREMENT DEVELOPMENT MONTHLY ACTIVITIES REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to acknowledge receipt of the Retirement Development Monthly Activities Report dated September 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED OCTOBER 16, 2001

CONSIDER REQUEST FOR STREET CLOSURE

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve the closure of a portion of Tate Street between Highway 11 and Haugh Avenue for a Halloween Block Party on October 31, 2001 from 6:00 p.m. until 10:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO CERTIFY RESPONSES TO "MUNICIPAL COMPLIANCE QUESTIONNAIR"

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to certify the following responses to the "Municipal Compliance Questionnaire" for the year ended September 30, 2001:

CITY OF PICAYUNE
Certification to Municipal Compliance Questionnaire
Year Ended September 30, 2001

We have reviewed all questions and responses as contained in this Municipal Compliance Questionnaire for the Municipality of Picayune, and, to the best of our knowledge and believe, all responses are accurate.

_____	_____
(City Clerk's Signature)	(Mayor's Signature)
_____	_____
(Date)	(Date)

MUNICIPAL COMPLIANCE QUESTIONNAIRE

ANSWER ALL QUESTIONS: Y – YES, N – NO, N/A – NOT APPLICABLE

PART I – GENERAL

1. Have all ordinances been entered into the ordinance book and included in the minutes? (Section 21-13-13) __Y__
2. Do all municipal vehicles have public license plates and proper markings? (Sections 25-1-87 and 27-19-27) __Y__
3. Are municipal records open to the public? (Section 25-61-5) __Y__
4. Are meetings of the board open to the public? (Section 25-41-5) __Y__
5. Are notices of special or recess meetings posted: (Section 25-41-13) __Y__
6. Are all required personnel covered by appropriate surety bonds?
   - Appointed officers and those handling money, see statutes governing the form of government (i.e., Section 21-3-5 for Code Charter) __Y__
   - Municipal clerk (Section 21-15-38) __Y__
   - Deputy clerk (Section 21-15-23) __Y__
   - Chief of Police (Section 21-21-1) __Y__
   - Deputy Police (Section 45-5-9) (if hired under this law) __N/A__
7. Are minutes of board meetings prepared to properly reflect the actions of the board? (Sections 21-15-17 and 21-15-19) __Y__

RECESSED MEETING DATED OCTOBER 16, 2001

8. Are minutes of board meetings signed by the mayor or majority of the board within 22 days of the meeting? (Section 21-15-33) __Y__
9. Has the municipality complied with the nepotism law in its employment practices? (Section 25-1-53) __Y__
10. Did all officers, employees of the municipality, or their relatives avoid any personal interest in any contracts with the municipality during their term or within one year after their terms of office or employment? (Section 25-4-105) __Y__
11. Does the municipality contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of each fiscal year? (Section 21-35-31) __Y__
12. Has the municipality published a synopsis or notice of the annual audit within 30 days of acceptance? (Section 21-35-31 or 21-17-19) __Y__

PART II – CASH AND RELATED RECORDS

1. Where required, is a claims docket maintained? (Section 21-39-7) __Y__
2. Are all claims paid in the order of their entry in the claims docket? (section 21-39-9) __Y__
3. Does the claims docket identify the claimant, claim number, amount and fund from which each warrant will be issued? (Section 21-39-7) __Y__
4. Are all warrants approved by the board, signed by the mayor or majority of the board, attested to by the clerk, and bearing the municipal seal? (Section 21-39-13) __Y__
5. Are warrants for approved claims held until sufficient cash is available in the fund from which it is drawn? (Section 21-39-13) __Y__
6. Has the municipality adopted and entered on its minutes a budget in the format prescribed by the Office of the State Auditor? (Sections 21-35-5, 21-35-7 and 21-35-9) __Y__
7. Does the municipality operate on a cash basis budget, except for expenditures paid within 30 days of fiscal year end or for construction in progress? (Section 21-35-23) __Y__
8. Has the municipality held a public hearing and published its adopted budget? (Section 21-35-5) __Y__
9. Has the municipality complied with legal publication requirements when budgetary changes of 10% or more are made to a department's budget? (Section 21-35-25) __Y__
10. If revenues are less than estimated and a deficit is anticipated, did the board revise the budget by it regular July meeting? (Section 21-35-25) __N/A__
11. Have financial records been maintained in accordance with the chart of accounts prescribed by the State Auditor? (Section 21-35-11) __Y__
12. Does the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item? (Section 21-35-13) __Y__
13. Does the board avoid approving claims and the city clerk not issue any warrants which would be in excess of budgeted amounts, except for court-ordered or emergency expenditures? (Section 21-35-17) __Y__
14. Has the municipality commissioned municipal depositories? (Sections 27-105-353 and 27-105-363) __Y__
15. Have investments of funds been restricted to those instruments authorized by law? (Section 21-33-323) __Y__

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16. Are donations restricted to those specifically authorized by law? (Section 21-17-5 (Section 66, Miss. Constitution) Sections 21-19-45 through 21-19-59, etc.) __Y__
17. Are fixed assets property tagged and accounted for? (Section 7-7-211 – Municipal Audit and Accounting Guide) __N__
18. Is all travel authorized in advance and reimbursements made in accordance with Section 25-3-41)? __Y__
19. Are all travel advances made in accordance with the State Auditor's regulations? (Section 25-3-41) __Y__

PART III – PURCHASING AND RECEIVING

1. Are bids solicited for purchases, when required by law (written bids and advertising)? (Section 31-7-13(b) and (c)) __Y__
2. Are all lowest and best bid decisions property documented? (Section 31-7-13(d)) __Y__
3. Are all one-source item and emergency purchases documented on the board's minutes (Section 31-7-13(m) and (k)) __Y__
4. Do all officers and employees understand and refrain from accepting gifts or kickbacks from suppliers? (Section 31-7-23) __Y__

PART IV – BONDS AND OTHER DEBT

1. Has the municipality complied with the percentage of taxable property limitation on bonds and other debt issued during the year? (Section 21-33-303) __Y__
2. Has the municipality levied and collected taxes, in a sufficient amount for the retirement of general obligation debt principal and interest? (Section 21-33-87) __N/A__
3. Have the required trust funds been established for utility revenue bonds? (Section 21-27-65) __N/A__
4. Have expenditures of bond proceeds been strictly limited to the purposes for which the bonds were issued? (Section 21-33-317) __N/A__
5. Has the municipality refrained from borrowing, except where it had specific authority? (Section 21-17-5) __Y__

PART V – TAXES AND OTHER RECEIPTS

1. Has the municipality adopted the county ad valorem tax rolls? (Section 27-35-167) __Y__
2. Are interest and penalties being collected on delinquent ad valorem taxes? (Section 21-33-53) __Y__
3. Has the municipality conducted an annual land sale for delinquent ad valorem taxes? (Section 21-33-63) __Y__
4. Have the various ad valorem tax collections been deposited into the appropriate funds? (Separate Funds for Each Tax Levy) (Section 21-33-53) __Y__
5. Has the increase in ad valorem taxes, if any, been limited to amounts allowed by law? (Sections 27-39-320 and 27-39-321) __N/A__
6. Are local privilege taxes collected from all businesses located within the municipality, except those exempted? (section 27-17-5) __Y__
7. Are transient vendor taxes collected from all transient vendors within the municipality, except those exempted? (Section 75-85-1) __Y__
8. Is money received from the state's "Municipal Fire Protection Fund" spent only to improve municipal fire departments? (Section 83-1-37) __Y__

9. Has the municipality levied or appropriated not less than ¼ mill for fire protection and certified to the county it provides its own fire protection or allowed the county to levy such tax? (Sections 83-1-37 and 83-1-39) __Y__
10. Are state-imposed court assessments collected and settled monthly? (Section 99-19-73) __Y__
11. Are all fines and forfeitures collected when due and settled immediately to the municipal treasury? (Section 21-15-21) __Y__
12. Are bids solicited by advertisement or, under special circumstances, three appraisals obtained when real property is sold? (Section 21-17-1) __Y__

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SURPLUS PROPERTY

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Parker, to surplus lots 9 and 10 of the Westside Redevelopment Area and to authorize the Grants Administrator and Purchasing Agent to advertise for bids on the lots. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO SET DATE FOR PUBLIC HEARING ON PROPERTY CLEANUP FOR 316 FARRELL STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Parker, to set the date and time of November 20, 2001 at 6:00 p.m. for a property cleanup public hearing for 316 Farrell Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR PARADE PERMIT

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to grant a parade permit to the Civic Woman's Club for the annual Christmas Parade to be held at 6:00 p.m. on December 3, 2001. The parade route will begin at Goodyear Boulevard at Kirkwood Street, continues east on Goodyear Boulevard to Highway 11, right on Highway 11, right on Bruce Street, right on South Main Street, left on West

Canal Street, right on Kirkwood Street and disband at Picayune Memorial High School. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO DETERMINE APPROVAL OF SOLE-SOURCE PURCHASE

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to determine that Michael J. Rogers & Associates is the sole source distributor for Firehouse software and to authorize the purchase of the same at a cost of $2,955.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR BIDS FOR WATER LINE REPLACEMENT AT MEMORIAL BOULEVARD AND SOUTH BLANKS

Upon request from the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Parker, to advertise for bids for water line replacement at Memorial Boulevard and South Blanks Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ADOPTION OF "CRIME PREVENTION MONTH" PROCLAMATION

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to adopt the following "Crime Prevention Month" Proclamation:

PROCLAMATION

WHEREAS, roughly one-fifth of the nation's households were affected by crime in 1992; and

WHEREAS, our crime and fear of crime have significantly diminished the well-being and quality of life of all Mississippi cities; and

WHEREAS, the financial loss, personal injury and community deterioration resulting from crime are intolerable; and

WHEREAS, the United States of America is being consumed by wave of crime-murders, rapes, arson, armed robberies, burglaries, and the interminable list continues; and

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WHEREAS, in this era of escalating fear throughout the nation because of violence, citizens must be made aware of what they can do to protect themselves, their families, their neighbors, and their communities; and

WHEREAS, our legal system must accept responsibility for protecting our citizenry from unnecessary and inexcusable repeat offenders and must do everything in its power to stem the rampant cancer of crime presently blighting cities, towns, homes, and lives.

NOW, THEREFORE, the Picayune City Council of the City of Picayune, Mississippi, does hereby proclaim October, 2001

CRIME PREVENTION MONTH

and encourage the citizens of our area to observe this month by joining friends and neighbors to help fight CRIME.

ADOPTED this the 16th day of October, 2001.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR THE CHEVRON PROJECT

The Mayor and City Council of Picayune, Mississippi, acting for and on behalf of the City of Picayune took up the matter of issuance of Taxable Industrial Development Revenue Bonds of the City of Picayune, Series 2001 (Magnolia Air I, LLC Project), in the aggregate principal amount not to exceed $3,000,000.

Thereupon, after a discussion of the subject, Councilmember Guy offered and moved the adoption of the following resolution:

RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES 2001 (MAGNOLIA AIR I, LLC PROJECT), OF THE CITY OF PICAYUNE, MISSISSIPPI, IN THE PRINCIPAL AMOUNT NOT TO EXCEED THREE MILLION DOLLARS ($3,000,000) FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTING AND IMPROVING AN INDUSTRIAL ENTERPRISE CONSISTING OF BUILDINGS AND EQUIPMENT FOR THE MAINTENANCE AND RE-MANUFACTURING OF AIRCRAFT OR OTHER PERMISSIBLE PRODUCTS UNDER TITLE 57, CHAPTER 3, OF THE MISSISSIPPI CODE OF 1972 (THE "ACT"); APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE AMENDED AND RESTATED LEASE AGREEMENT, THE TRUST INDENTURE THE PRELIMINARY PRIVATE PLACEMENT MEMORANDUM, THE SUBORDINATION NONDISTURBANCE AGREEMENT AND THE ATTORNMENT AGREEMENT; APPROVING THE FORM OF THE LEASEHOLD DEED OF TRUST; AND CONFIRMING THE SALE AND AWARD OF SAID BONDS.

WHEREAS, the Mayor and City Council of the City of Picayune, Mississippi (the "Governing Body"), acting for and on behalf of the City of Picayune, Mississippi (the "Issuer") proposes to issue its Taxable Industrial Development Revenue Bonds, Series 2001 (Magnolia Air I, LLC Project), in an aggregate amount not to exceed $3,000,000 to provide funds to defray the

cost of acquiring, constructing and improving an industrial enterprise consisting of buildings and equipment (all of which together constitute the "Project"), for the maintenance and re-manufacturing of aircraft and other permissible products under the Act; and

WHEREAS, the Project will be located at the City of Picayune Municipal Airport; and

WHEREAS, the Project will be owned by the Issuer and leased to Magnolia Air I, LLC (the "Company"); and

WHEREAS, pursuant to Title 57, Chapter 3 of the Mississippi Code of 1972 Annotated (the "Act"), this Governing Body is authorized to act on behalf of the Issuer to acquire, own, and lease a Project and to issue its Taxable Industrial Development Revenue Bonds, Series 2001 (Magnolia Air I, LLC Project) (the "Bonds") to finance said Project; and

WHEREAS, the Issuer is a municipality as defined in the Act; and

WHEREAS, on February 6, 2001, this Governing Body, as authorized by the Act, adopted a resolution making application to the Mississippi Department of Economic and Community Development (the "Department") for a Certificate of Public Convenience and Necessity (the "Certificate") authorizing the Issuer to acquire, own and lease an industrial enterprise such as the Project, and to issue its industrial development revenue bonds to defray the cost of constructing the Project; and

WHEREAS, on May 17, 2001, the Department ordered and directed the approval of the aforesaid application and issued its Certificate No. 818R to this Governing Body, which certificate authorized and empowered this Governing Body, acting for and on behalf of the Issuer, subject to the conditions therein set out, to adopt and publish a resolution declaring its intention to issue industrial development revenue bonds of the Issuer as authorized by the Act in the aggregate principal amount not to exceed $3,000,000 to provide funds to defray the cost of constructing the Project and thereafter to lease said Project to Magnolia Air I, LLC, or its designee, for the purposes hereinafter set out;

WHEREAS, following the receipt of the Certificate by this Governing Body, this Governing Body on May 22, 2001 adopted a certain resolution entitled:

> **RESOLUTION DECLARING THE INTENTION OF THE CITY OF PICAYUNE, MISSISSIPPI, TO ISSUE INDUSTRIAL DEVELOPMENT REVENUE BONDS OF SAID ISSUER IN THE PRINCIPAL AMOUNT NOT TO EXCEED THREE MILLION DOLLARS ($3,000,000) TO DEFRAY THE COST OF ACQUIRING, CONSTRUCTING AND IMPROVING AN INDUSTRIAL ENTERPRISE CONSISTING OF BUILDINGS AND EQUIPMENT FOR THE MAINTENANCE AND RE-MANUFACTURING OF AIRCRAFT OR OTHER PERMISSIBLE PRODUCTS, AND TO HOLD A PUBLIC HEARING REGARDING THE SAME; AND DIRECTING THE PUBLICATION OF NOTICE OF SUCH PUBLIC HEARING.**

as required by law in compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and as directed by the aforesaid Resolution, the said Resolution was published once a week for at least three (3) consecutive weeks in The Picayune Item, a newspaper published in and having a general circulation in the City of Picayune, Mississippi, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972 as amended; the first publication of said Resolution was made not less than twenty-one (21) days prior to July 3, 2001, and the last publication was made not more than seven (7) days prior to such date; said notice being published in said newspaper on June 5, 12, 19 and 26, as evidenced by the publisher's affidavit heretofore presented to this Governing Body and filed; and

WHEREAS, on July 3, 2001 the Governing Body adopted a certain resolution entitled:

> **RESOLUTION FINDING AND DETERMINING THAT THE RESOLUTION DECLARING THE INTENTION OF THE CITY OF PICAYUNE, MISSISSIPPI, TO ISSUE INDUSTRIAL DEVELOPMENT BONDS, SERIES 2001, OF THE CITY OF PICAYUNE, MISSISSIPPI IN THE MAXIMUM PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS ($3,000,000) ADOPTED ON THE 22ND DAY OF MAY, 2001, WAS DULY PUBLISHED AS REQUIRED BY LAW; THAT NO SUFFICIENT PROTEST AGAINST THE ISSUANCE OF THE BONDS DESCRIBED IN SAID RESOLUTION HAS BEEN FILED BY THE QUALIFIED ELECTORS; AND AUTHORIZING THE ISSUANCE OF SAID BONDS.**

and adjudicating:

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That this Governing Body has been informed of the details of the proposed financing and details of the proposed financing have been made known by the Governing Body at a public hearing on July 3, 2001 following reasonable public notice designed to provide a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the proposed issuance of the Bonds and location and nature of the Project.

That on or prior to the hour of 6:00 o'clock p.m. on July 3, 2001 no petition, written protest or other objection of any kind or character against the proposed sale and issuance of the Bonds or the location and nature of the Project has been filed with or presented to the Governing Body by qualified electors of the City of Picayune, Mississippi.

That at said public hearing held on July 3, 2001 no person or persons appeared before the said Governing Body to protest, object or oppose in any manner the proposed sale and issuance of the Bonds or the location and nature of the Project; and that there was not any protest, objection or opposition expressed by any person or persons at said meeting.

That said Bonds shall be issued and delivered pursuant to further resolutions and proceedings of the Governing Body.

That the Resolution is adopted following compliance with the provisions of Section 57-3-11 of the Act.

WHEREAS, there have been prepared and submitted to the Issuer forms of:

a. A trust indenture (the "Trust Indenture") between the Issuer and Trustmark National Bank, as trustee (the "Trustee") dated as of October 1, 2001 under which the Bonds will be issued and by which they will be secured;

b. A lease agreement (the "Lease Agreement") between the Issuer and the Company dated as of October 1, 2001, providing for the financing by the Issuer of the costs of the construction, equipping and installation of the Project;

c. A preliminary private placement memorandum (the "PPPM") providing for the sale from time to time, by the Issuer, and the purchase of the Bonds;

d. A subordination agreement (the "Subordination Agreement") to be executed by the Trustee and Chevron U.S. A., Inc. the sub-lessee ("Chevron"), under the Sublease Agreement by and between the Company and Chevron, dated May 24, 2001;

e. A leasehold deed of trust (the "Deed of Trust") between the Company and the Trustee, under which the Bonds will be further secured; and

f. An attornment agreement (the "Attornment Agreement") between the issuer, the Company and Chevron

(collectively, the Trust Indenture, the Lease Agreement, the PPPM, the Subordination Agreement, the Deed of Trust and the Attornment Agreement, the "Bond Documents").

WHEREAS, all acts, conditions and things relating to the passage of this resolution, to the issuance of said Bonds, to the execution of the Bond Documents required by the Act or the Constitution or laws of the State of Mississippi to happen, exist and be performed precedent to and in passage of this resolution, and precedent to the issuance of said Bonds, and the execution of the Indenture and the Lease, have happened, do exist and have been performed as so required by law; and

WHEREAS, the Bonds herein authorized to be issued will not exceed any limitation upon indebtedness that may be incurred by the Issuer for the reason that the Act provides that said Bonds shall never constitute an indebtedness of the Issuer within the meaning of any Constitutional provision or statutory limitation.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE ISSUER, AS FOLLOWS:

That the Governing Body hereby finds, determines and adjudicates:

SECTION 1. That the acquisition of the Project be and the same is hereby authorized in accordance with the provisions of the Act, the Lease, the Indenture and this resolution.

SECTION 2. That the Industrial Development Revenue Bonds, Series 2001 (Magnolia Air I, LLC Project), of the Issuer shall be and the same hereby are authorized and directed to be issued in the aggregate principal amount of Three Million Dollars ($3,000,000) (the "Bonds") to provide funds to defray the cost of constructing the Project for the maintenance and re-manufacturing of aircraft and other permissible products under the Act.

SECTION 3. That the Bonds shall be dated, shall bear interest, shall mature and shall be otherwise issued upon the terms and conditions set out in and in conformity with the Indenture provided for herein. In the event of conflict between the provisions of this resolution and the provisions of the Indenture, the Indenture shall govern.

SECTION 4. That the Bonds shall be and shall continue to be payable as to principal, interest, and redemption premium, if any, solely out of and secured by an irrevocable pledge of the revenue to be derived from the Lease or sale of the Project, and any other sums which may be received from or in connection with the Project, all as provided in the Indenture; the Bonds shall be limited obligations of the Issuer and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State of Mississippi, and shall never constitute nor give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers, nor shall the Issuer be obligated to pay the Bonds or the interest or redemption premium, if any, thereon except from revenues derived from the leasing of the Project, and any other sums which may be received from or in connection with the Project as provided for in the Indenture.

SECTION 5. That the revenues and other amounts received by the Issuer from the leasing or sale of the Project will be sufficient to pay the principal of, premium if any, and interest on the Bonds becoming due in each year and all other payments required by this resolution and the Indenture to be made in such year.

SECTION 6. That the Bonds shall be submitted for validation in the Chancery Court of Pearl River County pursuant to the provisions of Chapter 13, Title 31, Mississippi Code of 1972, Annotated, and to that end the Clerk is hereby directed to make up a transcript of proceedings relating to the Bonds and to forward the same to the State's Bond Attorney for the institution of said validation proceedings; that when the Bonds shall have been validated, they shall be registered in the office of the Clerk of the Governing Body in a record to be kept for that purpose and thereupon the Clerk shall endorse upon the reverse side of each of the Bonds the certificate evidencing such validation and registration manually or by a facsimile of his signature.

SECTION 7. That all covenants, stipulations, obligations and agreements of the Issuer contained in this resolution, in the Indenture, and in the Lease, shall be deemed to be the covenants, stipulations, obligations and agreements of the Issuer, and all such covenants, stipulations, obligations and agreements shall be binding upon the Issuer, and except as otherwise provided in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer by the provisions of this resolution, the Indenture, and the Lease, shall be exercised or performed by the Governing Body; that no covenant, stipulation, obligation or agreement herein contained or contained in the Indenture or the Lease shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Issuer in his individual capacity and neither the members of the Governing Body of the Issuer nor any officials executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 8. That except as herein otherwise expressly provided, nothing in this resolution or in the Indenture, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Issuer, the holders of the Bonds issued under the provisions of this resolution and the Indenture and the Trustee named in the Indenture any right, remedy or claim, legal or equitable, under any by reason of this resolution or any provisions thereof or of the Indenture or any provisions thereof; that this resolution, the Indenture and all of its provisions are intended to be and shall be for the sole and exclusive benefit of the Issuer, the holders from time to time of the Bonds issued under the provisions of this resolution and the Indenture and the Trustee named in the Indenture.

SECTION 9. That in case any one or more of the provisions of this resolution, or of the Indenture, or of any of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this resolution or of the Indenture, and the Bonds, but this resolution, the Indenture, and the Bonds shall be construed and enforced as if such illegal or invalid provision or provisions has not been contained therein; that the terms and conditions set forth in the Indenture, the pledge of revenues and receipts received by the Issuer from the leasing of the Project, the creation of the funds provided for in the Indenture, the provisions relating to the handling of the proceeds derived from the sale of Bonds pursuant to and under the Indenture and the handling of said revenues and receipts are all commitments and agreements on the part of the Issuer and the validity or the invalidity of the Indenture shall not affect the commitments on the part of the Issuer to create such funds and to handle such Bond proceeds, such revenues and receipts for the purposes, in the manner and according to the terms and conditions fixed in the Indenture, it being the intention hereof that such commitments on the part of the Issuer are as binding as if contained in this resolution separate and apart from the Indenture.

SECTION 10. That the members of the Governing Body, the Clerk of the Governing Body and the attorneys or other agents or employees of the Issuer are hereby authorized to do all acts and things which are required of them by this

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resolution, the Indenture, and the Lease for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the Indenture, the Lease and this resolution or which any such member, clerk, attorney, agent or employee of the Governing Body and the Issuer deems necessary or desirable to effect the purpose of or to enable the Issuer to perform its obligation hereunder or thereunder.

SECTION 11. That the form of the Lease in the form submitted to this meeting and attached hereto as **Exhibit A** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form. The Mayor and Clerk of the Governing Body be and they are hereby authorized to execute and deliver the Lease under the seal of the Issuer for and on behalf of the Issuer, with such completions, changes, insertions, and modifications as shall be approved by the Governing Body or the officers of the Issuer executing and delivering the same, the execution thereof by such officers to be conclusive evidence of such approval.

SECTION 12. That the form of the Indenture in the form submitted to this meeting and attached hereto as **Exhibit B** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form. The Mayor and Clerk of the Governing Body be and they are hereby authorized to execute and deliver the Indenture under the seal of the Issuer for and on behalf of the Issuer, with such completions, changes, insertions, and modifications as shall be approved by the Governing Body or the officers of the Issuer executing and delivering the same, the execution thereof by such officers to be conclusive evidence of such approval.

SECTION 13. That the form of the PPPM in the form submitted to this meeting and attached hereto as **Exhibit C** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form. The Mayor and Clerk of the Governing Body be and they are hereby authorized to execute and deliver the PPPM under the seal of the Issuer for and on behalf of the Issuer, with such completions, changes, insertions, and modifications as shall be approved by the Governing Body or the officers of the Issuer executing and delivering the same, the execution thereof by such officers to be conclusive evidence of such approval.

SECTION 14. That the form of the Subordination Agreement in the form submitted to this meeting and attached hereto as **Exhibit D** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form.

SECTION 15. That the form of the Deed of Trust in the form submitted to this meeting and attached hereto as **Exhibit E** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form.

SECTION 16. That the form of the Attornment Agreement in the form submitted to this meeting and attached hereto as **Exhibit F** is made a part of this resolution as thought set forth in full herein and the same be, and is hereby approved in substantially said form. The Mayor and Clerk of the Governing Body be and they are hereby authorized to execute and deliver the Attornment Agreement under the seal of the Issuer for and on behalf of the Issuer, with such completions, changes, insertions, and modifications as shall be approved by the Governing Body or the officers of the Issuer executing and delivering the same, the execution thereof by such officers to be conclusive evidence of such approval

SECTION 17. That all prior orders, resolutions or proceedings in conflict with the provisions of this resolution shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict. This resolution shall become effective immediately upon the adoption thereof.

Councilmember Guy seconded the motion to adopt the foregoing resolution, and the questions being put to a vote, the result was as follows:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

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Prepared by:
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
Attn: Elizabeth E. Thomas, MS Bar No. 99403
17th Floor, AmSouth Plaza
Post Office Box 22567
Jackson, MS 39225-2567
(601) 948-5711

To the Chancery Clerk of Please River County, Mississippi:
The real property described herein is situated in the Northwest and Southwest Quarters of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

AMENDED AND RESTATED LEASE AGREEMENT

THIS AMENDED AND RESTATED AMENDED LEASE (this "Lease") is made as of the 1st day of October, 2001, by and between **THE CITY OF PICAYUNE, MISSISSIPPI,** a municipal corporation organized and existing under the laws of the State of Mississippi (the "Landlord") and **MAGNOLIA AIR I, LLC,** a Mississippi limited liability company (the "Tenant").

RECITALS:

THE INTEREST OF THE CITY OF PICAYUNE, MISSISSIPPI IN THE RENTS PAYABLE UNDER SECTION 7.1.1 OF THIS LEASE AND ANY ADDITIONAL RENTAL PAYABLE UNDER ARTICLE XVII AND XVIII OF THIS LEASE AND THE RIGHT TO ENFORCE (EITHER IN LANDLORD'S NAME OR IN THE NAME OF THE TRUSTEE) THE LANDLORD'S REMEDIES UNDER THIS LEASE, INCLUDING BUT NOT LIMITED TO THE REMEDIES PROVIDED UNDER SECTIONS 25.4, 25.5, 25.6 AND 25.7 OF THIS LEASE, HAVE BEEN ASSIGNED TO THE TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI AS TRUSTEE (THE "TRUSTEE") UNDER THE INDENTURE OF TRUST DATED AS OF THE DATE HEREOF BETWEEN LANDLORD AND THE TRUSTEE. EACH EXECUTED COPY OF THIS LEASE WILL BE AN ORIGINAL. TO THE EXTENT, IF ANY, THAT THIS LEASE CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION) NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE COPY MARKED "SECURED PARTIES' ORIGINAL COPY" AND BEARING THE MANUAL SIGNATURE OF AN OFFICER OF THE TRUSTEE.

(a) Landlord owns that certain parcel of property situated in Pearl River County, State of Mississippi, as more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein (the "Land"). The Land is adjacent to the Picayune Municipal Airport as hereinafter more particularly described and defined (the "Airport"), which is also owned and operated by the Landlord. The Land and Airport are more particularly shown on the site plan attached hereto as Exhibit B and made a part hereof as though set forth in full herein (the "Site Plan").

(b) The Landlord desires to lease and demise to Tenant the Land together with certain site work and other improvements to be constructed thereon by the Landlord, and Tenant desires to lease and rent from Landlord the Land together with said site work and other improvements to be constructed thereon by Landlord, for the term and upon and subject to the terms and conditions hereinafter more particularly set forth.

(c) The Tenant intends to construct the Building as hereinafter more particularly described and defined, and to sublease said Land, Building and improvements to Chevron U.S.A. Inc. or an Affiliate thereof (hereinafter, together with its successors and assigns, referred to as "Chevron"), for use as a facility for the maintenance, support, servicing and repair of Chevron's helicopters and other aircraft, providing a home base for Chevron's helicopters and other aircraft used in connection with its Gulf Coast operations, operating a communications and/or distribution center for Chevron's Gulf Coast operations, conducting the business of a commercial common carrier pursuant to Tenant's commercial common carrier license, and for any related lawful purposes ("Chevron's Intended Use").

EXHIBIT A

Form of Lease Agreement

(d) Landlord has determined that the construction of the site work and other improvements to be provided by Landlord hereunder, the lease to Tenant of the Land and the building and improvements to be constructed thereon by Landlord under this Lease, the construction of said building and other improvements on the Land by the Tenant, and the Sublease of said Land, building and improvements from Tenant to Chevron for the initial use thereof for Chevron's Intended Use, will promote the economic development and growth of the City of Picayune and of the Airport, will create jobs and stimulate the local economy in the City of Picayune and the County of Pearl River, and will promote and protect the public interest of the citizens of the City of Picayune and County of Pearl River.

(e) Landlord and Tenant entered into a Lease Agreement, dated March 29th, 2001 and recorded in Book 767, Page 409 in the land records of the Office of the Chancery Clerk of Pearl River County (the "Original Lease"), which contemplated the issuance of bonds by the Landlord.

(f) Landlord is authorized and empowered pursuant to the provisions of the Act, to issue revenue bonds in order to finance any project within the scope of its power and may pledge, mortgage, convey, assign or otherwise encumber any property relating to such project, and any revenues out of which such bonds shall be payable, all for the purpose of defraying the cost of the expansion of an industrial enterprise consisting of buildings, the construction of buildings, improvements, machinery and equipment for the operation and maintenance of helicopters or other permissible products (the "Project"); and

(g) Landlord has, by resolution, duly authorized as a project the acquisition, construction and improvement of land, buildings, and equipment, as more fully described in Exhibits A and B to this Lease;

(h) Landlord has authorized the issuance and sale of $1,000,000 aggregate principal amount of its Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) (the "Series 2001A Bonds") and $1,770,000 aggregate principal amount of its Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) (the "Series 2001B Bonds" and collectively with the Series 2001A Bonds, the "Series 2001 Bonds"), the proceeds of both to be used to pay the costs of acquiring, constructing and improving the Project;

(i) The Series 2001 Bonds are to be issued under and secured by an Indenture of Trust, dated as of October 1, 2001, by and between the City of Picayune and the Trustee;

(j) All Bonds issued under the Indenture will be secured by the Deed of Trust, a pledge of rents, revenues and receipts derived by the Landlord from the lease and sublease of the aforementioned Project; and

(k) As contemplated and provided for in Section 24.3 of the Original Lease, Landlord and Tenant both desire to amend the Lease to incorporate the necessary provisions of the Indenture that will allow Landlord to issue the Series 2001 Bonds.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, Landlord and Tenant do hereby mutually covenant and agree as follows:

ARTICLE I
DEFINITIONS AND ATTACHMENTS

Section 1.1 Certain Defined Terms. In addition to the words and terms defined elsewhere in this Lease, the following words and terms used in this Lease (inclusive of both their singular and plural forms) shall have the following meanings unless the context clearly indicates a different meaning or intent:

"Acquisition Fund" shall mean the fund created under Section 5.01 of the Indenture.

"Act" shall mean the Planning, Research and Development Act, Chapter 3 of Title 57 of the Mississippi Code of 1972, Annotated, as amended.

"Additional Bonds" shall mean Bonds of any Series, other than the Series 2001 Bonds, duly authenticated and delivered pursuant to the Indenture.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Tenant with respect to this Lease, the Indenture and the Bonds, including without limitation, the compensation and expenses paid to or incurred by the Trustee and any paying agent under this Lease or the Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Trustee or paying agent, as the case may be, has furnished to the Tenant a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Affiliate" means, when used with reference to any party to this Lease or any Subtenant, (a) any Person who directly or indirectly through one or more intermediaries owns or controls a five percent (5%) or greater ownership or voting interest in such party; (b) any Person in which a five percent (5%) or greater ownership or voting interest, directly or indirectly through one or more intermediaries, is owned or controlled by or is under common ownership or control with such party to this Lease; or (c) any Person in which a five percent (5%) or greater ownership or voting interest, directly or indirectly through one or more intermediaries, is under common ownership or control with any Person or Persons referred to in clauses (a) or (b) above.

"Airport" means the Picayune Municipal Airport as more particularly shown on the Site Plan attached hereto as Exhibit B, together with all buildings, fixtures, equipment, driveways, access roads, utility and drainage facilities, runways, taxiways and other improvements now or hereafter situated thereon, including but not limited to the Washing Facility to be constructed by Landlord as hereinafter provided.

"Base Rent" means the Base Rent payable by the Subtenant to Tenant under the Sublease or any other rent payable by a subtenant to Tenant under any Sublease Agreement.

"Bondholder" or **"holder of the Bonds"** or **"holder"** shall mean the registered owner or any registered Bond.

"Bond" or **"Bonds"** shall mean any bond or all of the bonds, as the case may be, of the Landlord authorized and issued by the Landlord, authenticated by the Trustee and delivered under the Indenture.

The term **"Outstanding"**, when used with reference to Bonds, shall mean, as of any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Indenture, except:

(a) Bonds canceled or surrendered to the Trustee for cancellation pursuant to **Section 2.11** of the Indenture on or prior to such date;

(b) Bonds deemed to have been paid as provided in **Section 13.02** of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Trustee is presented that any such Bond is held by a bona fide purchaser in due course.

"Bond Fund" shall mean the fund created under **Section 5.02** of the Indenture.

"Building" means that certain Building containing approximately Thirty-Seven Thousand Eight Hundred Forty-Seven (37,847) square feet of gross leaseable area to be constructed on the Land by Tenant in the approximate location as shown on the Site Plan, together with all other improvements to be constructed on the Land by Landlord under the Sublease, as the same may exist from time to time.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which the Trustee is not closed and on which the payment system of the Federal Reserve System is operational.

"Casualty/Condemnation Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Costs of Issuance Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Chevron" means Chevron U.S.A. Inc., a Pennsylvania corporation, or any Affiliate thereof, together with its successors and assigns as Subtenant under the Sublease.

"Completion Date" means the date of Substantial Completion of the Phase I Site Work to be constructed by Landlord in accordance with the terms and provisions of this Lease.

"Cost" or "Costs" when used in connection with the Project, or any enlargements, improvements or extensions of such Project, shall be deemed to include, to the extent provided by the Act, whether incurred prior to or after the date of this Lease Agreement, (a) obligations of the Tenant or any affiliate of the Tenant incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be necessary or desirable during the course of construction of the facilities being acquired, constructed or installed by the Tenant which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Tenant and any affiliate of the Tenant for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, which are not otherwise provided for under the terms of this Lease; (e) all other costs which the Tenant or any affiliate of the Tenant shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or otherwise), construction or installation of the facilities, being acquired, constructed or installed; (f) any sums required to reimburse the Tenant or any affiliate of the Tenant for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the facilities, being acquired, constructed or installed including expenses reimbursable to Magnolia Air I, LLC for travel and related expenses including a developer fee of $_____; (g) any amount designated by the Tenant for deposit in the Bond Fund for payment of interest on the Series 2001 Bonds to a date not later than six months following the completion and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds; and (h) payment of any other costs and expenses paid or incurred by the Tenant relating to the construction of the Project and financing thereof; provided; however, notwithstanding anything to the contrary provided herein or in the Indenture, the Bonds, the Deed of Trust or any other agreements or documents executed in connection herewith, it is understood and agreed that the term "Cost" shall not include, and that the proceeds of the Bonds shall not be used to pay or reimburse, any costs or expenses paid or incurred by the Landlord in connection with the construction, installation or maintenance of the Site Work or the Tenant's Easements or the performance of the Landlord's other covenants and agreements hereunder.

"CPI" means the Consumer Price Index - U.S. City Average For All Items For All Urban Consumers (1982-84 = 100) published monthly by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau of Labor Statistics changes the base period for computing the CPI or otherwise revises the manner in which the CPI is determined, an adjustment shall be made in the revised index which would produce results equivalent, as nearly as possible, to those which would be obtained hereunder if the CPI were not so revised. If the CPI becomes unavailable because publication is discontinued or otherwise, there shall be substituted therefor a comparable index designated by Landlord and approved by Tenant (which approval shall not be unreasonably withheld or delayed), based upon changes in the cost of living or the purchasing power of the consumer dollar, published by an agency of the federal government or in the absence thereof, by a nationally-recognized financial reporting service.

"Deed of Trust" shall mean that leasehold deed of trust and any other leasehold deed of trust from the Tenant to _____, as Trustee for the benefit of the trustee under Trust Indenture dated as of the date of issue and delivery of the Bonds.

"Default Rate" means the rate of interest equal to the lesser of: (a) the maximum rate of interest then allowed by applicable law, or (b) the rate of interest equal to the Prime Rate in effect from time to time plus two percent (2.0%) per annum.

"Environmental Law" means and includes any and all existing and future federal, state and local laws, statutes, codes, ordinances, rules, rulings, regulations, permits, orders and interpretations relating to (a) emissions, discharges, spills, releases or threatened releases of any Hazardous Substances onto land or ambient air, surface water, ground water, water courses, publicly or privately owned treatment works, drains, sewer systems, wet lands or septic systems, or (b) the use, treatment, storage, disposal, handling, manufacturing, transportation or shipment of any Hazardous Substances, or (c) the protection of human health or the environment, all as heretofore or hereafter promulgated, modified or amended.

"Feasibility Period" means the period commencing on the Effective Date of this Lease and continuing to and including the first to occur of the following dates: (a) the date that is two hundred seventy (270) days after the date on which Landlord completes the delivery to Tenant of all of the Title Evidence required to be delivered by Landlord to Tenant under Section 2.1 of this Lease, or (b) such earlier date as Tenant may designate as the last day of the Feasibility Period in any written notice given by Tenant to Landlord at any time prior to the expiration of the period indicated in clause (a) of this sentence.

"General Contractor" means the Person or Persons from time to time selected or approved by Landlord to construct the Landlord's Site Work on the Land as herein provided. The parties acknowledge that the Landlord may contract with different Persons to serve as General Contractor for the Phase I Site Work and as General Contractor for the Phase II Site Work.

"Governmental Authority" means and includes any and all federal, state and local governmental entities, agencies, departments, boards, courts, judicial or quasi-judicial bodies and legislative or quasi-legislative bodies, present and future, which now or hereafter have or exercise any executive, legislative, judicial, regulatory or administrative functions.

"Government Obligations" shall mean (a) direct obligations of the United States of American for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations the payment of the principal of, premium, if any, and interest of which in the opinion of the Attorney General of the United States of America is fully and unconditionally guaranteed by the full faith and credit of the United States of America.

"Hazardous Substances" means and includes Petroleum (as hereinafter defined) and any and all other substances, materials and wastes (a) the presence of which requires special handling, storage, investigation, identification, notification, monitoring or remediation under any existing or future federal, state or local law, statute, code, ordinance, rule, ruling, regulation, permit, order or interpretation, or (b) which are toxic, explosive, corrosive, erosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, or (c) which are or become regulated by any Governmental Authority.

"Indenture" shall mean the Indenture of Trust, of even date herewith, including any indentures supplemental thereto as therein permitted, between the Landlord and Trustmark National Bank, Jackson, Mississippi, as Trustee, pursuant to which the bonds are authorized to be issued and secured.

"Interest Payment Date" shall mean each date on which interest on the Bonds of any Series is due and payable.

"Land" means that certain parcel of real property situated in the County of Pearl River, State of Mississippi, as more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein.

"Landlord Parties" means and includes the Landlord and its officers, agents, servants and employees, and its and their heirs, personal representatives, successors and assigns of all of the foregoing.

"Lease" means the Lease Agreement dated March 29, 2001 by and between the Landlord and Tenant and recorded in the land records of the Office of the Chancery Clerk of Pearl River County and recorded in Book 767 at Page 409, as amended by this Amended and Restated Lease Agreement as both may be or amended from time to time by mutual written agreement of Landlord and Tenant in accordance with the terms and provisions hereof.

"Leased Premises" means the Land and the Leasehold Improvements to be constructed on the Land by Landlord in accordance with the terms and provisions of this Lease, the Building and other improvements to be constructed on the Land by the Tenant in accordance with the terms and provisions of the Sublease, and any and all alterations thereof and additions thereto at any time constructed on the Land by Landlord or Tenant in accordance with the terms and provisions of this Lease or the Sublease, as the same may exist from time to time.

"Lease Term" shall mean the duration of the leasehold estate created in this Lease including any renewals or extensions thereof.

"Leasehold Improvements" means the portion of the Site Work that will be constructed by Landlord on the Land and that will be included in this Lease of the Land from Landlord to Tenant.

"Mortgage" means and includes the Deed of Trust and any and every other mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document of any and every kind that is or may be given by Tenant at any time or from time to time and that constitutes a lien upon all or any part or parts of the Tenant's interests in, to or under the Leased Premises, this Lease and/or the Sublease, whether the same shall be in existence on the date hereof or created hereafter. The term "Mortgage" may also mean and include any mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document of any and every kind that is or may be given by a Subtenant with the Tenant's prior written consent (which consent may be granted or withheld in Tenant's sole, absolute and uncontrolled discretion) and that constitutes a lien upon all or any part or parts of such Subtenant's interests in, to or under the Leased Premises and/or such Subtenant's Sublease, whether the same shall be in existence on the date hereof or created hereafter; provided, however, that the term "Mortgage" shall not include any mortgage, deed to secure debt, deed of trust, leasehold mortgage, assignment of rents and leases, security agreement or other security document that is or may be given at any time by any Subtenant without first obtaining the Tenant's prior written consent.

"Mortgagee" means the party or parties having the benefit of a Mortgage.

"Net Proceeds" shall mean the amount received by the Landlord from the sale and issuance of the Bonds less the amount of such proceeds applied to pay legal, accounting, financial, advertising, recording and printing expenses incurred in connection with the issuance of the Bonds. Net Proceeds shall not include investment earnings on proceeds of the Bonds.

"Officers' Certificate" shall mean a certificate signed by the Mayor of the City of Picayune, Mississippi acting for the Landlord and the Clerk of the City.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel who may be an employee of, or of counsel to, the Tenant, or bond counsel, or may be other counsel.

"Person" means any natural person or any corporation, general partnership, limited partnership, limited liability partnership, limited liability company, trust, business trust, cooperative or association or any other business entity of any kind.

"Petroleum" means and includes, without limitation, all oil and petroleum and all oil and petroleum products, fractions and derivatives of any kind and in any form including but not limited to oil, petroleum, fuel oil, oil sludge, oil refuse, oil mixed with other waste, crude oil, gasoline, diesel fuel, helicopter fuel, airplane fuel, jet fuel and kerosene.

"Pledged Sublease Rentals" shall mean the Base Rent payable by the Subtenant under Section 4.1(a) of the Sublease, the Subtenant's tax contribution under Section 14.2 of the Sublease, and the Subtenant's insurance contribution under Section 15.3 of the Sublease.

"Prime Rate" means the per annum interest rate identified as the Prime Rate as now reported in the Money Rates section of The Wall Street Journal, adjusted from time to time as and when said Prime Rate as reported in said newspaper is changed; provided, however, if The Wall Street Journal shall cease publication or shall cease to report the Prime Rate, the term "Prime Rate" shall mean and refer to the Prime Rate or a comparable rate designated by Landlord as reported in The Wall Street Journal or, if The Wall Street Journal is no longer published, as reported in another nationally-recognized financial newspaper that is published daily at least five (5) days a week (exclusive of bank holidays) and that is designated as a replacement newspaper by the Landlord.

"Principal Payment Date" shall mean any date on which the principal of any Bond shall mature (including any acceleration of maturity due to an Event of Default pursuant to Section 10.01 of the Indenture) or be redeemed.

"Proceeds Certificate" shall mean that certain certificate of the Tenant delivered to the Landlord, the Purchaser of the Bonds, and Bond Counsel to establish the reasonable expectation of the Tenant with respect to the use of the proceeds of the Bonds and certain other matters.

"Project" shall mean the Leased Premises.

"Rental" means Fixed Monthly Rent and Additional Rent payable by Tenant to Landlord hereunder, as provided in Article VII hereof.

"Rental Adjustment Period" means and refers to successive periods of five (5) Rental Years each following the expiration of the first five (5) Rental Years of the Term of this Lease. The first Rental Adjustment Period shall commence on the first day of the sixth (6th) Rental Year, and the subsequent Rental Adjustment Periods shall commence on each five-year anniversary date thereafter.

"Rental Commencement Date" means the first to occur of the following dates: (a) the date the Subtenant enters into possession of the Leased Premises and commences the payment of Base Rent to Tenant under the terms and provisions of the Sublease, (b) One Hundred Twenty (120) days after the Landlord completes all of the Phase I Site Work and Phase II Site Work, or (c) the date Tenant elects to commence payment of Fixed Monthly Rent to Landlord by written notice to Landlord in accordance with Section 6.2 of this Lease.

"Rental Year" means each successive period of twelve (12) full calendar months during the Term of this Lease following the Rental Commencement Date; provided, however, if the Rental Commencement Date occurs on any day other than the first day of a calendar month, the first Rental Year shall commence on the Rental Commencement Date and shall end at the close of the twelfth full calendar month following the Rental Commencement Date.

"Revenue Funds" shall mean the fund created under Section 4.01 of the Indenture.

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the provisions of the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Requirements, or other provisions.

"Site Plan" means the site plan that shows the Land and the Airport and the approximate locations of the Building, Washing Facility and other improvements to be constructed thereon in accordance with this Lease; a copy of said Site Plan is attached hereto as Exhibit B and made a part hereof as though set forth in full herein.

"Site Work" means and includes both the Phase I Site Work and the Phase II Site Work as enumerated on Exhibits "C" and "D" attached hereto, respectively, and consists generally of the following: (a) all grading and related site work on the Land; (b) the installation of the pad site and building pad for the Building (but not the concrete slab or footings for the Building, which shall be Tenant's responsibility); (c) the installation of the concrete apron, taxiways, driveways, entrance drive and all related work as shown on the Site Plan, (d) the installation of all lines and facilities required to provide adequate storm water drainage, potable water, sanitary sewer, electricity, gas, telephone and all other utility services to and for the Leased Premises and all other property served and to be served thereby (including but not limited to the installation of said water, sanitary sewer, electricity, telephone and other utility lines and facilities to points designated by Landlord that lie within five (5) feet from the exterior walls of the Building, and the dedication of permanent easements for all such storm water drainage and utility lines and facilities to the appropriate governmental authorities and/or utility companies, and the acceptance of said easements for maintenance by said governmental authorities and utility companies, all upon terms and conditions reasonably acceptable to Tenant); (e) pump, pump house and water storage tank adequate to provide sufficient water pressure for the fire protection system to be installed in the Building (the "Water Tank"), and (f) the construction and installation of the Washing Facility on a portion of the Airport property adjoining the Land. All of the Site Work shall be performed by Landlord in accordance with the terms and provisions of Article VIII of this Lease and the Site Work Plans and Specifications to be prepared by Landlord and approved by Tenant as provided in Section 8.1 hereof. The Site Work shall consist of two separate phases, as follows:

(a) The "Phase I Site Work" shall mean and refer to that portion of the Site Work that is more particularly described in Exhibit "C" attached hereto and made a part hereof as though set forth in full herein; and

(b) The "Phase II Site Work" shall mean and refer to that portion of the Site Work that is more particularly described in Exhibit "D" attached hereto and made a part hereof as though set forth in full herein.

"Site Work Plans and Specifications" means the plans and specifications for the Site Work to be constructed and installed by Landlord, which plans and specifications shall be prepared by Landlord and approved by Tenant as provided in **Section 8.1** hereof. The Site Work Plans and Specifications shall include both the Phase I Plans and Specifications and the Phase II Plans and Specifications, as said terms are defined in **Section 8.1** hereof.

"Sublease" means the Sublease Agreement dated May 24, 2001, between the Tenant, as sublandlord, and Chevron, as subtenant, as the same may be modified or amended from time to time by written agreement between the Tenant and Chevron, under and pursuant to which the Tenant will sublease the Leased Premises to Chevron for a term and in accordance with terms and provisions set forth therein, and also includes any other sublease agreement at any time and from time to time entered into by Tenant, as sublandlord, and any other Person, as subtenant, under and pursuant to which the Tenant may sublease the Leased Premises or any part or parts thereof to such other Person, as the same may be modified or amended from time to time by written agreement between the Tenant and such other Person.

"Substantial Completion" means the Phase I Site Work to be performed by Landlord is substantially complete in accordance herewith except as noted in the punch list, all construction debris except for the debris associated with ongoing final completion has been removed and the Leased Premises are clean, such that the Tenant can occupy or utilize the Leased Premises for the completion of the Building and other improvements to be constructed by Landlord or Tenant in accordance with the terms and provisions of the Sublease.

"Subtenant" means and includes Chevron and any other Person that now or hereafter subleases all of any part or parts of the Leased Premises under any existing or future Sublease.

"Supplemental Indenture" shall mean any indenture supplementary to or amendatory of the Indenture as originally entered into which is duly entered into in accordance with the provisions of the Indenture.

"Surplus Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Tax and Insurance Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Tenant Parties" means and includes the Tenant, the Tenant's manager or general partner (if any), the Tenant's Mortgagee, any Subtenant and all of their respective successors and assigns, and all of the respective officers, directors, shareholders, members, managers, partners, agents, servants and employees of all of the foregoing, and all of the respective heirs, personal representatives, successors and assigns of all of the foregoing.

"Term" means and includes the Preliminary Term, the Original Term and any and all Option Terms during which this Lease continues in force and effect as hereinafter provided. As used herein:

(a) **"Preliminary Term"** means the period commencing on the Effective Date (as hereinafter defined) of this Lease and continuing until the Rental Commencement Date.

(b) **"Original Term"** means the period commencing on the Rental Commencement Date and continuing for a period of fifteen (15) Rental Years thereafter.

(c) **"Option Terms"** shall have the meaning as defined in **Section 6.3** hereof.

"Trustee" shall mean Trustmark National Bank, Jackson, Mississippi (and its corporate successors), as Trustee under the Indenture, and its successors thereunder.

"Washing Facility" means that certain helicopter and aircraft Washing Facility to be constructed by Landlord at the Airport in the approximate location as shown on the Site Plan and substantially in accordance with the Site Work Plans and Specifications.

Section 1.2 **Additional Defined Terms**. Any capitalized terms used and referred and not defined herein shall have the meaning ascribed to it as set forth in the Indenture. The following additional terms (inclusive of both their singular and plural forms) are defined in the places in this Lease noted below:

Term	Section
"Additional Rental"	7.1
"Chevron's Intended Use"	Recital C
"Effective Date"	28.17
"Excused Delay"	8.1
"Fixed Monthly Rent"	7.1
"Force Majeure"	28.6

"Landlord's Adjoining Parcel" 5.3
"Landlord's Reserved Easements" 5.3
"Minimum Standards" ..... 4.1(f)
"Permitted Exceptions" 2.3
"Rental" 7.1
"Rules and Regulations" ..... 4.1(f)
"Tenant's Easements" ..... 5.1(c)
"Tenant's Work" 10.1
"Title Commitment" 2.1
"Title Company" 2.1
"Title Evidence" 2.1
"Title Policy" 2.1

Section 1.3 **Attachments**. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto, shall be deemed to be a part hereof:

Exhibit "A"	-	Legal Description of the Land
Exhibit "B"	-	Site Plan
Exhibit "C"	-	Phase I Site Work
Exhibit "D"	-	Phase II Site Work
Exhibit "E"	-	Attornment Agreement

ARTICLE II
TITLE EVIDENCE

Section 2.1 **Title and Survey**. Within thirty (30) days after the Effective Date of this Lease, Landlord shall deliver to Tenant all of the following (hereinafter sometimes referred to collectively as the "Title Evidence"):

(i) A title insurance commitment issued by Lawyers Title Insurance Corporation or another national title insurance company acceptable to Tenant (the "Title Company") for a standard 1992 ALTA Form B Leasehold Policy of Title Insurance covering the Leased Premises, including the Land and all improvements to be constructed thereon and the use and benefit of all easements granted by Landlord to Tenant hereunder, together with an ALTA Owner's Comprehensive Endorsement, an ALTA Survey Endorsement, an ALTA Access Endorsement (insuring the Land's right of access to and from the adjoining public road known as Runway Road), an ALTA Utilities Endorsement (insuring the availability of all utilities at the boundary lines of the Land), an ALTA Zoning endorsement, an ALTA waiver of arbitration endorsement and such other endorsements as Tenant or its Mortgagee may require, together with legible copies of all existing instruments referred to in the requirements shown on Schedule B-1 of said title commitment and legible copies of all instruments listed as exceptions in Schedule B-2 of said title insurance commitment, and legible copies of all (if any) easements, agreements and other rights appurtenant to or which benefit said Leased Premises (the "Title Commitment"). The Title Commitment shall obligate the Title Company to issue to Tenant a 1992 ALTA Form B Landlord Policy of Title Insurance in the amount of Two Million Four Hundred Thousand and No/100 Dollars ($2,400,000.00) with the endorsements thereto as specified above, insuring that Landlord owns a marketable fee simple absolute title in and to the Land, and insuring Tenant's leasehold estate in and to the Leased Premises under this Lease, the use and benefit of the easements granted to Tenant hereunder and the legality, validity and enforceability of this Lease for and during the entire Term hereof (including the Preliminary Term, Original Term, any and all Option Terms as provided hereunder), free and clear of any liens or encumbrances of any kind other than the Permitted Exceptions as hereinafter defined, and with deletion of all

standard exceptions for matters of survey, rights of parties in possession and mechanics' or materialmen's liens, and affirmative coverage against the right to disturb the surface of the Leased Premises as the result of the exercise of any oil, gas, mineral or mining rights or reservations (the "Title Policy").

(ii) A Closing Protection Letter in form and content acceptable to Tenant, issued by the Title Company to the Tenant with respect to the Title Company's agent who issues the Title Commitment and who will issue the Title Policy as contemplated herein.

(iii) An ALTA survey prepared by a registered Mississippi land surveyor acceptable to Tenant (the "Surveyor"), which survey shall include the Land and all easements conveyed to Tenant hereunder, and shall include a certification by the Surveyor to the Tenant and its Mortgagee that the survey was made in accordance with the 1992 Minimum Standard Detail Requirements for ALTA/ASCM Land Title Surveys and pursuant to the accuracy standards of a Class B Urban Survey as defined therein (the "Survey").

Section 2.2 **Title Examination**. Tenant shall have until the expiration of the Feasibility Period to examine the Title Commitment and Survey and to make any objections it may have thereto, which objections shall be made in writing and sent to Landlord or its counsel on or before the expiration of the Feasibility Period, and to obtain the Final Title Policy as required hereunder. If Tenant shall fail to make any objections to the Title Commitment or Survey on or before the expiration of the Feasibility Period, Tenant shall be deemed to have accepted the form and substance of the Title Commitment and Survey, and all matters that are shown as exceptions to title on Schedule B-2 of the Title Commitment and that are not objected to by Tenant shall be included as Permitted Exceptions. If Tenant makes any objections to the Title Commitment or Survey (or both), the Landlord shall exert its best efforts to cure such objections so as to permit the Title Company or Surveyor to remove the matters objected to or to provide affirmative insurance with respect thereto in form and content satisfactory to Tenant. If such objections are not cured by Landlord within a period of sixty (60) days following its receipt of Tenant's objection notice, then Tenant at its option may elect to either (i) waive such objection(s) and continue this Lease in accordance with the terms and provisions set forth herein; (ii) cure such objections at Tenant's or its Subtenant's expense, in which event Landlord shall reimburse Tenant and its Subtenant for all costs and expenses (including but not limited to reasonable attorneys' fees) paid or incurred by Tenant or its Subtenant to cure same together with interest thereon until paid at the Default Rate; (iii) enforce specific performance of this Lease to require Landlord to cure any such objections that are capable of being cured by Landlord; or (iv) terminate this Lease, in which event neither party will have any further rights or obligations hereunder. The Tenant shall pay the premium for the Title Commitment and Title Policy required hereunder, and Landlord shall pay all fees, costs and expenses for the Survey required hereunder.

Section 2.3 **Permitted Exceptions**. This Lease shall be subject to the following matters, which are referred to herein as the "Permitted Exceptions":

(i) The lien of ad valorem taxes which are not yet due and payable;

(ii) Landlord's Reserved Easements; and

(iii) Any covenants, restrictions, easements or rights of way affecting the Leased Premises which exist as of the Effective Date of this Lease and which are not objected to by Tenant within the time periods as provided above.

ARTICLE III
FEASIBILITY PERIOD

Section 3.1. **Feasibility Period and Right to Terminate**. During the Feasibility Period, the Tenant and its architects, engineers, surveyors, consultants, contractors, agents, servants and employees shall have the right to enter upon the Land for the purpose of performing such surveys, studies, examinations and tests (including but not limited to soil tests and environmental tests) as the Tenant may deem appropriate, to conduct market surveys and analysis, obtain an environmental evaluation and an environmental impact study, negotiate financing, verify zoning, arrange for curb cuts onto adjoining public highways and resolve any questions with respect to access to the Land, ascertain utility availability, prepare and obtain necessary approvals of Tenant's development plans, negotiate and enter into the Sublease, and in general to determine the feasibility of the Land for Tenant's intended development and use thereof. Tenant agrees to fill any test borings and to repair any damages to the Land caused by Tenant's activities as permitted pursuant to this Section; provided, however, notwithstanding anything to the contrary provided herein, Tenant shall not be liable for or obligated to repair any damage attributable in whole or part to any one or more of the following:

(a) The discovery of any Hazardous Substances on or in the vicinity of the Land;

(b) Any pre-existing defect in or condition of the Land;

(c) The spread of any Hazardous Materials already present on or in the vicinity of the Land; or

(d) The acts or omissions of Landlord or any third parties.

Should Tenant, in its sole and absolute discretion, determine during the Feasibility Period that it desires to terminate this Lease for any reason or for no reason whatsoever, the Tenant shall have the right to terminate this Lease by written notice sent to Landlord pursuant to the notice provisions of this Lease at any time prior to the expiration of the Feasibility Period, whereupon this Lease shall be terminated and of no further force or effect and neither party will have any further obligations hereunder. Unless Tenant terminates this Lease by written notice to Landlord on or before the last day of the Feasibility Period, this Lease shall continue in full force and effect upon and subject to the terms and provisions hereof.

ARTICLE IV
WARRANTIES AND REPRESENTATIONS

Section 4.1 **Landlord's Warranties and Representations**. Landlord makes the following covenants, warranties and representations to Tenant, each of which shall be continuous covenants, warranties and representations and shall remain in full force and effect throughout the Term of this Lease:

(a) Landlord is duly incorporated as a municipal corporation under the statutes and laws of the State of Mississippi and has full power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations and agreements hereunder and is a municipality as defined in the Act. The Project constitutes and will constitute a "Project" as defined in the Act. The Landlord is not in default under any of the provisions contained in its charter, certificate of incorporation, bylaws or other governing documents or under any of the statutes or laws of the State of Mississippi.

(b) The execution and delivery of this Lease by the Landlord, the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with, be in violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which the Landlord is now a party or is subject, or the charter, certificate of incorporation, bylaws or other governing document of the Landlord, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of Landlord's

governing body or of any other federal, state or local government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Landlord.

(c) By proper municipal action by Landlord's board, the Landlord has duly authorized the execution and delivery of this Lease.

(d) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Landlord as conditions precedent to the execution, delivery and performance by the Landlord of this Lease have been obtained.

(e) The Landlord has determined that the Lease of the Leased Premises to Tenant will promote the economic development and growth of the City of Picayune, will stimulate the local economy and will promote and protect the public interest of the City of Picayune.

(f) Landlord adopted on October 17, 2000 the Rules and Regulations of the City of Picayune Municipal Airport (the "Original Rules and Regulations"), adopted on October 3, 2000 Minimum Standards for the City of Picayune Municipal Airport (the "Original Minimum Standards"), and adopted on March 6, 2001, the modifications and amendments of said Original Rules and Regulations and Original Minimum Standards as evidenced by a memorandum of understanding between Landlord, Tenant and Chevron (the "Memorandum of Understanding"). True and correct copies of the Original Rules and Regulations, Original Minimum Standards and Memorandum of Understanding are attached to this Lease as Exhibit F and made a part hereof as though set forth in full herein. As used in this Lease, the term "Rules and Regulations" shall mean and refer to the Original Rules and Regulations as modified and amended by the Memorandum of Understanding, and the term "Minimum Standards" shall mean and refer to the Original Minimum Standards as modified and amended by the Memorandum of Understanding. Landlord agrees that it shall provide Tenant copies of any amendments, changes and/or modifications to the Rules and Regulations and Minimum Standards within five (5) days after adopting said amendment, changes and/or modifications; provided, however, notwithstanding anything to the contrary provided herein or in the Rules and Regulations or Minimum Standards, Landlord acknowledges and agrees that neither Tenant nor any Subtenant shall be bound by any amendments, changes and/or modifications made without its prior written consent.

(g) To finance the cost of the Project, Landlord proposes to issue the Bonds, pursuant to the provisions of the Act, which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture. Pursuant to the provisions of the Act, Landlord has determined, by proper corporate action, Landlord interest in this Lease and the revenues and receipts to be derived by Landlord from the leasing or sale of the project, and the amounts thereof which will be pledged to the Trustee as security for payment of the principal and interest on the Bonds, and the amounts necessary to maintain the necessary funds under the Indenture.

(h) Landlord is not in default under any of the provisions of the laws of the State of Mississippi, where any such default would substantially affect the issuance, validity or enforceability of the Bonds, or its ability to perform its obligations under this Lease.

Section 4.2 **Tenant's Warranties and Representations.** The Tenant makes the following covenants, warranties and representations to the Landlord, each of which shall be continuous covenants, warranties and representations and shall remain in full force and effect throughout the Term of this Lease:

(a) Tenant is duly organized as a limited liability company under the laws of the State of Mississippi, and is duly qualified to transact business in the State of Mississippi as a limited liability company. Tenant is not in default under any of the provisions contained in its certificate of formation or its limited liability company agreement. By proper limited liability company action, the Tenant's member has been duly authorized to execute and deliver this Lease.

(b) The execution and delivery of this Lease by the Tenant, the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with, be in violation of, or constitute a default under any indenture, mortgage, deed of trust or other contract, agreement or instrument or any statute or rule of law to which the Tenant is now a party or is subject, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Tenant.

(c) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required to be obtained by the Tenant as conditions precedent to the execution and delivery by the Tenant of this Lease have been obtained.

(d) Tenant has received a copy of the Rules and Regulations and Minimum Standards and agrees to comply with the terms and provisions thereof to the extent applicable to Tenant's activities at the Leased Premises and the Airport.

(e) Tenant intends to sublease the Project as facilities for industrial purposes under the Sublease; and

(f) The information and estimates set forth in the Proceeds Certificate are true and correct to the best of Tenant's information and belief and the Proceeds Certificate does not omit any statement the omission of which would render any of the statements made therein misleading in light of the circumstances in which they were made.

(g) Tenant agrees that during Term of this Lease it will maintain its corporate existence, will continue to be qualified to do business in the State of Mississippi, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, limited liability company or other entity, provided, that the Tenant may, without violating the agreement contained in this **Section 4.2 (g)**, consolidate with or merge into another corporation, limited liability company, or other entity or permit one or more other corporations, limited liability companies or other entities to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation, limited liability company or other entity, all or substantially all of its assets as an entirety, provided that the surviving, resulting or transferee corporation, limited liability company or other entity, as the case may be: (i) is authorized to do business in the State of Mississippi, (ii) is a corporation organized and existing under the laws of the United States of America, or of the District of Columbia or of one of the states of the United States of America, (iii) assumes in writing all of the obligation of the Tenant under this Lease, (iv) has a consolidated net worth (after giving effect to such consolidation, merger or transfer) substantially equal to or greater than the net worth of the Tenant immediately preceding such consolidation, merger, or transfer as set forth in a report prepared by a certified public accountant, provided, further that such consolidation or merger shall not in any way affect the legal sufficiency of the security under the Indenture.

If a consolidation, merger or sale or other transfer is made as permitted by this **Section 4.2 (g)**, the provisions of this **Section 4.2 (g)** shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this **Section 4.2(g)**.

Section 4.3 **Joint Representation**. Landlord and Tenant have both reviewed and approved this Lease and the Sublease and do hereby covenant and agree that this Lease and the Sublease are in compliance with the Rules and Regulations and the Minimum Standards.

Section 4.4 **Limitations on Landlord's Obligations**. The Bonds, together with the interest thereon, are limited obligations of Landlord payable solely from the revenues and receipts defined in **Section 7.1.1** derived by Landlord from or in connection with the Project. The Bonds and the interest thereon shall never constitute an indebtedness of Landlord or the State of Mississippi within the meaning of any state constitutional provision

or statutory limitation, and shall never constitute nor give rise to a pecuniary liability of either of Landlord or the State of Mississippi or a charge against its general credit or taxing powers. The Bonds and the interest thereon do not create an indebtedness against the State of Mississippi or the City of Picayune, Mississippi. Neither the faith and credit nor the taxing power of the State of Mississippi or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

ARTICLE V
LEASED PREMISES

Section 5.1 Demise. Landlord hereby leases and demises to Tenant, and Tenant hereby rents and leases from Landlord, all of the following property and easements for the Term and upon and subject to all of the terms and provisions contained in this Lease:

(a) The Land more particularly described on Exhibit A attached hereto and made a part hereof as though set forth in full herein, together with all rights, easements and appurtenances thereunto appertaining;

(b) The Leasehold Improvements to be constructed on the Land by Landlord as provided in this Lease;

(c) Landlord hereby grants Tenant the following easements for and during the Term of this Lease:

(i) A non-exclusive easement for vehicular and pedestrian ingress and egress on, over and across the existing road known as "Runway Road" as described on Exhibit A attached hereto and as shown on the Site Plan attached hereto as Exhibit B, for the use and benefit of Tenant, its successors, assigns and Subtenants, and its and their licensees and contractors, and all of their respective agents, servants, employees, licensees, invitees and permittees. Landlord agrees to dedicate the right of way of Runway Road as a public road prior to the completion of the Phase II Site Work;

(ii) A non-exclusive easement for pedestrian, vehicular and aircraft ingress and egress on, over and across the common facilities at the Airport intended for said purposes, as same may exist from time to time, for the use and benefit of the Tenant, its successors, assigns and Subtenants, and its and their licensees and contractors, and all of their respective agents, servants, employees, licensees, invitees and permittees;

(iii) A non-exclusive right and easement for surface water drainage from the Leased Premises on, over and across the Airport and any and all storm drainage facilities now or hereafter installed therein or thereunder; and

(iv) A non-exclusive right and easement to install, maintain, repair, replace and use lines and related facilities for storm water drainage, water, sewer, electricity, gas, telephone, cable and other utilities on, over, under and across portions of the Airport lying outside of any buildings or similar structures at any time constructed thereon, for the purpose of providing said utilities to and for the benefit of the Leased Premises and the Building and other improvements to be constructed thereon.

(sometimes referred to herein collectively as the "Tenant's Easements"). Landlord shall be responsible for the installation, maintenance and repair of the Tenant's Easements as provided in this Lease. If requested by Tenant, Landlord agrees to dedicate said utility and storm drainage easements to the appropriate governmental authority or public or private utility company.

TO HAVE AND TO HOLD unto the Tenant, its successors and assigns, for and during the Term of this Lease, upon and subject to the terms and conditions hereof.

Section 5.2 Quiet Enjoyment. Landlord covenants, warrants and represents to Tenant that Landlord owns marketable fee simple title in and to the Land and also any and all other real property that is or will be encumbered by the easements granted to Tenant under this Lease, free and clear of any liens or encumbrances whatsoever, subject only to the Permitted Exceptions; that Landlord has full right, power and authority to enter into this Lease and to perform its obligations and agreements hereunder; and that, provided Tenant complies with its obligations and agreements under this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Leased Premises and the easements granted hereunder for and during the Term of this Lease, and Landlord shall warrant and forever defend the Tenant's leasehold estate in and to the Leased Premises together with the easements granted to Tenant hereunder for and during the Term of this Lease, subject only to the Permitted Exceptions.

Section 5.3 Landlord's Reserved Easements. The Landlord does hereby reserve, and Tenant acknowledges and agrees that this Lease shall be subject to, the following easements (sometimes referred to herein as the "Landlord's Reserved Easements"):

(a) Landlord does hereby reserve a non-exclusive easement for pedestrian, vehicular and aircraft ingress and egress on, over and across the proposed concrete apron to be constructed on the Leased Premises as shown on the Site Plan, and a non-exclusive easement for vehicular (but not pedestrian or aircraft) ingress and egress on, over and across the proposed driveway to be constructed on the Leased Premises as shown on the Site Plan. The concrete apron easement shall be for the use and benefit of Landlord and its successors and assigns in title in and to the Airport and that certain tract or parcel of property owned by Landlord and identified on the Site Plan as the Landlord's adjoining parcel (hereinafter sometimes referred to as the "Landlord's Adjoining Parcel"), together with its and their tenants, subtenants, licensees and contractors, but the driveway easement shall be limited to the Landlord's maintenance personnel in connection with the operation, maintenance and repair of the Washing Facility. The concrete apron easement shall be for the purpose of providing pedestrian, vehicular and aircraft ingress and egress between the Airport and the Landlord's Adjoining Parcel on, over and across the proposed concrete apron to be constructed on the Land as shown on the Site Plan, and the driveway easement shall be for the purpose of providing vehicular (but not pedestrian or aircraft) ingress and egress during normal business hours between the Washing Facility and Runway Road on, over and across the proposed driveway to be constructed on the Land as shown on the Site Plan. The Tenant and/or its Subtenant shall have the right to close and deny access to said driveway during any and all periods that neither the Tenant nor its Subtenant or other occupant of the Leased Premises is open for business therein; provided, however, that Landlord shall be provided a key to unlock the gate or other means for Landlord's employees to have access to said driveway at all times, but Landlord agrees that its employees shall keep said gate locked during periods the Leased Premises is not open for business. Both of said easements shall be non-exclusive and shall be subject to the rights of the Tenant and its Subtenant to use said easement areas for all lawful uses and purposes that do not conflict with this easement.

(b) Landlord reserves the non-exclusive right and easement to install, maintain, repair, replace and use lines and related facilities for storm water drainage, water, sewer, electricity, gas, telephone, cable and other utilities on, over, under and across portions of the Land lying outside the Building and any other buildings or other structures at any time constructed on the Land, upon and subject to the terms and conditions hereinafter set forth. Said easement shall be for the sole purpose of providing said utilities to the Airport and the Landlord's Adjoining Parcel. The Tenant and its Subtenant shall have the right to approve the location of said easements and of any and all lines and other facilities installed therein. Landlord shall provide Tenant and its Subtenant not less than thirty (30) days' prior written notice together with complete plans and specifications for the proposed utility lines and other facilities before entering the Land for the purpose of installing, maintaining, repairing or replacing any such utility lines or other facilities pursuant to this easement; provided, however, in

cases of emergencies that cause an imminent threat to the safety or lives of any natural persons or damage to or destruction of any property, the Landlord may enter upon the Land for the purpose of making emergency repairs to said lines or other facilities after giving verbal or telephone notice to Tenant and its Subtenant followed by the written notice required hereunder.

Section 5.4 **Installation, Maintenance and Use of Easements**. Landlord shall be solely responsible for all costs and expenses incurred in connection with constructing, installing, maintaining, repairing and replacing any and all driveways, runways, taxiways, storm drainage facilities, utility lines and facilities and other improvements at any time installed or maintained by it under or pursuant to the Tenant's Easements and Landlord's Reserved Easements, and shall indemnify and hold the Tenant Parties harmless from and against any and all such costs and expenses and any and all mechanics' liens, materialmen's liens and other liens that may be asserted by any Person or Persons in connection therewith; provided, however, Landlord shall not be obligated to repair any damages caused by Tenant or its Subtenant, which damages shall be the responsibility of the party who causes same. All work in connection with the Tenant's Easements and Landlord's Reserved Easements shall comply with all building, safety, fire and other codes and governmental and insurance requirements; shall not result in any usages in excess of the existing capacities for water, sanitary sewer, electricity, gas, storm water draining and other utilities unless prior written arrangements satisfactory to Tenant and its Subtenant are made with respect thereto; and shall be completed promptly and in a good and workmanlike manner. All of the Tenant's Easements and Landlord's Reserved Easements shall be installed, maintained, repaired, replaced, used and operated in such a manner as will not unreasonably interfere with the Tenant or its Subtenant, or its or their agents, servants, employees, contractors, licensees, invitees or permittees. The Tenant's Easements shall be for the non-exclusive use and benefit of Tenant, its successors and assigns in interest in and to the Leased Premises, and its and their Subtenants and contractors, and all of their respective agents, servants and employees; and all of the Tenant's Easements shall be subject to the right of the Landlord, and its or their respective contractors, agents, servants and employees, to use the Airport for all lawful purposes as permitted under this Lease. The Landlord's Reserved Easements shall be for the non-exclusive use and benefit of Landlord, its successors and assigns in interest in and to the Landlord's Adjoining Parcel, and its and their tenants, subtenants and contractors, and all of their respective agents, servants and employees; and all of the Landlord's Reserved Easements shall be subject to the right of the Tenant and its Subtenant, and its and their respective contractors, agents, servants and employees, to use the Leased Premises for all lawful purposes as permitted under this Lease. Landlord, for itself and its successors and assigns in interest in and to the Landlord's Adjoining Parcel, agrees to repair and replace any and all damages to the Leased Premises or to the Building or any other buildings, structures, improvements or other property (real, personal or mixed) now or hereafter located on, in or about the Leased Premises or used in connection therewith, arising from or as the result of or in any way connected with the use or enjoyment of the Tenant's Easements or Landlord's Reserved Easements.

ARTICLE VI
TERM

Section 6.1 **Preliminary Term**. The Preliminary Term shall commence on the Effective Date of this Lease and shall continue until the Rental Commencement Date. During the Preliminary Term, Tenant and its architects, engineers, surveyors, consultants, contractors, agents, servants and employees shall have the right to enter upon the Leased Premises for all lawful purposes as permitted under this Lease, and Tenant shall perform its obligations and agreements under this Lease to the extent applicable to the period included within the Preliminary Term; provided, however, notwithstanding anything to the contrary provided herein, it is understood and agreed that the Tenant shall not be obligated hereunder to pay any Fixed Monthly Rent or any Additional Rental during the Preliminary Term.

Section 6.2 **Original Term**. The Original Term of this Lease shall commence on the Rental Commencement Date and shall continue for a period of fifteen (15) Rental Years thereafter. In the event the Rental Commencement Date has not occurred on or before December 31, 2002, Landlord shall have the right to send Tenant and Chevron a written notice (the "Landlord's Termination Notice") advising Tenant and Chevron that Landlord will terminate this Lease unless Tenant elects to commence the Original Term of this Lease and to

commence payment of Fixed Monthly Rent to Landlord on or before a date to be specified by Tenant, which date shall not be later than sixty (60) days following Tenant's and Chevron's actual receipt of Landlord's Termination Notice. Thereafter, Tenant shall have the right to send Landlord a written notice (the "Rental Commencement Date Notice") advising Landlord of the Rental Commencement Date, which date shall not be later than sixty (60) days following Tenant's and Chevron's actual receipt of the Landlord's Termination Notice. If Tenant fails to send the Rental Commencement Date Notice within sixty (60) days following its actual receipt of Landlord's Termination Notice, Landlord shall have the right to terminate this Lease upon ten (10) days' prior written notice to Tenant, in which event the Term of this Lease shall terminate and neither party will have any further rights or obligations hereunder (subject, however, to the rights of any Mortgagee as provided hereunder). Landlord and Tenant agree, upon demand of the other, to execute a declaration, in recordable form, expressing the commencement date and termination date of the Original Term when the Rental Commencement Date has been determined.

Section 6.3 **Option Terms**. Pursuant to Sections 6.3 and 24.3 of the Original Lease, the Term of this Lease shall be automatically renewed for up to sixty-five (65) successive periods of one (1) Rental Year each (each, an "Option Term" and collectively, the "Option Terms"), unless Tenant notifies Landlord in writing at least ninety (90) days prior to the expiration of the Original Term or then current Option Term (as the case may be) that the Lease will not be renewed following the expiration of such Original Term or Option Term, in which event the Term of this Lease shall expire on the last day of the Original Term or Option Term during which Tenant gives Landlord written notice that the Term of this Lease will not be renewed. Each Option Term shall be for the same Rental and upon and subject to the same covenants, conditions and agreements as the Original Term, except that Tenant shall not have any further right to extend or renew the Term of this Lease after the expiration of the Maximum Term as provided above. It is the intent and agreement of the parties to this Lease that the Term of this Lease shall be automatically renewed for each successive Option Term as provided above unless and until Tenant gives Landlord written notice as provided above that the Term of this Lease will not be renewed. Any non-renewal of the Term of this Lease prior to the expiration of the Term of any Sublease then in effect shall be subject to the rights of the Subtenant as set forth in **Section 22.2** of this Lease.

Section 6.4 **Termination**. Unless sooner terminated as provided herein, but subject to **Section 6.3** above, this Lease shall terminate on the last day of the Term hereof without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate or quit the Leased Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of the Leased Premises from a tenant holding over to the same extent as if statutory notice had been given.

ARTICLE VII
RENTAL

Section 7.1 **Rentals Payable**. Within thirty (30) days after the Effective Date of this Lease, Tenant agrees to pay Landlord the sum of Five Hundred and No/100 Dollars ($500.00) as the total rent for the Preliminary Term (the "Preliminary Term Rent"). From and after the Rental Commencement Date, Tenant covenants and agrees to pay to Landlord as rental ("Rental") for the Leased Premises, the following:

(a) During the first five (5) Rental Years of the Term, Tenant shall pay or cause the Trustee to pay Landlord Fixed Monthly Rent at the rate of Five Hundred and No/100 Dollars ($500.00) per month (the "Fixed Monthly Rent"), prorated on a per diem basis for any partial month, for each month during the Term of this Lease following the Rental Commencement Date (including both the Original Term and any and all Option Terms that may be exercised by Tenant); said Fixed Monthly Rent shall be adjusted during the Rental Adjustment Periods as hereinafter provided; and

(b) Tenant shall pay or cause the Trustee to pay all other sums, charges and amounts of whatever nature to be paid by Tenant to Landlord in accordance with the provisions of this Lease (herein collectively referred to as "Additional Rental").

Section 7.1.1 Rentals During Outstanding Bonds.

(a) Until the principal of and interest on the Outstanding Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Tenant shall pay or shall direct the Subtenant to pay to the Trustee all of the Pledged Sublease Rentals payable by the Subtenant under the Sublease, and all such Pledged Sublease Rentals shall be credited to the Tenant's Rental obligations under this Lease, including, but not limited to, Tenant's Rental obligations under **Section 7.1 and 7.1.1** of this Lease. Pursuant to Section 5.09 of the Indenture, the Trustee shall deposit the Pledged Sublease Rentals in the Revenue Fund. On or prior to the second Business Day prior to the first day of each calendar month, or as otherwise provided below, the Trustee will transfer from the Revenue Fund, in the following order of priority:

(i) First, to the payment of the Fixed Monthly Rent for said month as required by **Section 7.1(a)** of this Lease Agreement into a "Landlord Rental Account" to be established as a subaccount in the Revenue Fund and paid monthly to the Landlord;

(ii) Second, to the payment of (i) one-twelfth (1/12) of the annual fees of the Trustee into a "Fees Account" to be established and maintained as a subaccount in the Revenue Fund and paid to the Trustee when such annual fees are due and (ii) to the payment of actual expenses of the Trustee accrued as of such date;

(iii) Third, deposit in the Bond Fund an amount equal to one-twelfth (1/12) of the principal and one-third (1/3) of the interest due on the Bonds on the next succeeding Interest Payment Date, or such other amount as is required to pay the applicable proportionate amount of principal and interest due on the Bonds on the next succeeding Interest Payment Date, whether at maturity or by mandatory sinking fund redemption pursuant to **Section 7.1** of the Indenture;

(iv) Fourth, to the Tax and Insurance Fund, an amount equal to one-twelfth (1/12) of the annual amounts required to be deposited therein for payment of taxes and insurance with respect to the Project; and

(v) Fifth, deposit in the Surplus Fund all remaining amounts. Amounts in the Surplus Fund shall be applied and paid to Tenant as provided in **Section 5.12** of the Indenture.

(b) If there are not sufficient amounts in the Revenue Fund, then Tenant shall pay to the Trustee on the Business Day next preceding each Interest Payment Date with respect to each Series of Outstanding Bonds, the sum which, together with other moneys available therefor in the Bond Fund (including money transferred to such Fund for interest on the Bonds), will equal the interest to be paid on such Series of Bonds immediately preceding such Interest Payment Date; and

(c) If there are not sufficient amounts in the Revenue Fund, then Tenant shall pay to the Trustee on the Business Day next preceding each Principal Payment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the principal amount of Outstanding Bonds of each Series Outstanding that will become due on such Principal Payment Date.

(d) In addition to the options of the Tenant under **Section 7.1.2** hereof to redeem the Bonds, Tenant shall have the option to make from time to time prepayments in part of any of the rent and/or Pledged Sublease Rentals due as aforesaid and Landlord agrees that the Trustee may accept

such prepayments of rent and/or Pledged Sublease Rentals when the same are tendered by Tenant. All rent and/or Pledged Sublease Rentals so prepaid shall be deposited in the Revenue Fund and credited on the rental payments specified in this **Section 7.1.1** in order of their due dates, or shall be applied by the Trustee, in such manner consistent with the provisions of the Indenture as may be directed by Tenant.

(e) In the event Tenant shall fail to pay or to cause the Subtenant to pay sufficient rents and/or Pledged Sublease Rentals to enable the Trustee to make all of the distributions and payments as required under subparagraphs (i) (ii) (iii) and (iv) of **Section 7.1.1(a)** above, then and in such event the payment so in default shall continue as an obligation of Tenant until the amount in default shall have been fully paid, and Tenant will pay the same with interest thereon until paid (to the extent permitted by law) at the rate per annum which is equal to the highest rate per annum borne by any Bonds issued under the Indenture.

(f) Tenant has expressly reserved the right and is authorized to present any principal amount of Bonds to the Trustee for cancellation. All Bonds so presented and canceled shall thereafter no longer be considered Outstanding for any purpose of the Indenture or the Lease, including amounts for the calculation for rents due under this **Section 7.1.1** hereof.

Section 7.1.2. Optional prepayment of Rentals. The Tenant has the option to redeem the Bonds pursuant and according to the terms and conditions of Article VII of the Indenture. When the Bonds have been fully redeemed and/or paid, the Tenant shall not be responsible for the payment of the Pledged Sublease Rentals or other rent to the Trustee and, pursuant to **Section 22.4**, all references and provisions in this Lease to the Bonds, the Trustee, the Indenture, and the Deed of Trust and any payments to be made pursuant to the Bonds, the Indenture, and the Deed of Trust shall be ineffective.

Section 7.2 Adjustments of Fixed Monthly Rent. Subject to any minimum and maximum increases hereinafter set forth, the Landlord and Tenant agree that the Fixed Monthly Rent reserved hereunder during each Rental Adjustment Period this Lease continues in force and effect shall be increased to reflect any increases in the CPI. The Fixed Monthly Rent during each such Rental Adjustment Period shall be adjusted by multiplying the Fixed Monthly Rent payable during the first five (5) Rental Years of the Term by a fraction, the numerator of which shall be the CPI for the month immediately preceding the commencement of the Rental Adjustment Period for which the adjustment is to be made, and the denominator of which shall be the CPI for the calendar month preceding the Rental Commencement Date; provided, however, notwithstanding the amount of any increase or decrease in the CPI, the Landlord and Tenant agree that: (a) in no event shall the Fixed Monthly Rent during any Rental Adjustment Period be less than the Fixed Monthly Rent during the first five (5) Rental Years or during the immediately preceding Rental Adjustment Period of this Lease, as the case may be; and (b) the Fixed Minimum Rent during said Rental Adjustment Periods shall not under any circumstances increase by more than fifteen percent (15%) in excess of the Fixed Monthly Rent that was in effect during the first five (5) Rental Years of the Term or during the immediately preceding Rental Adjustment Period, as the case may be. During each such Rental Adjustment Period, the Fixed Monthly Rent as so increased shall be paid by Tenant to Landlord in equal monthly installments, payable in advance on the first day of each month. Tenant shall continue to make monthly payments based on the Fixed Monthly Rent which was in effect during the previous Rental Year until such time as the parties can determine the amount of the revised Fixed Monthly Rent. Tenant shall pay any such additional Fixed Monthly Rent for the months already elapsed within a period of thirty (30) days after making such determination, and thereafter shall make monthly rent payments based on the revised Fixed Monthly Rent. The Tenant shall not be released from its obligation to pay any such increase in Fixed Monthly Rent as the result of Landlord's failure to notify Tenant of any such increase within a reasonable time following the commencement of a Rental Adjustment Period, or as the result of Landlord's acceptance of Fixed Monthly Rent at the prior rate following the commencement of any such Rental Adjustment Period.

Section 7.3 Fixed Monthly Rent. Following the Rental Commencement Date, Fixed Monthly Rent shall be due and payable without prior demand, deduction or offset in equal monthly installments in advance on the *first day of each full calendar month during the Term. If the Original Term does not commence on the first day* of a calendar month, then any prorated Fixed Monthly Rent for the period from the Rental Commencement Date to the first day of the first full calendar month in the Original Term shall be paid within seven (7) days after the Rental Commencement Date.

Section 7.4 Payment of Rental. Tenant shall pay all Rental when due and payable without any setoff, deduction or prior demand therefor whatsoever. If Tenant shall fail to pay any Rental within seven (7) days after the same is due, in addition to interest thereon until paid at the Default Rate, Tenant shall be obligated to pay a late payment charge equal to five (5%) percent of any Rental payment not paid when due to reimburse Landlord for its additional administrative costs. In addition, any Rental which is not paid within seven (7) days after the same is due shall bear interest at the Default Rate from the first day due until paid. Any Additional Rental which shall become due shall be payable, unless otherwise provided herein, with the next installment of Fixed Monthly Rent. Rental shall be paid and delivered to the Landlord's notice address as set forth herein or to such other address as Landlord may, from time to time, designate in a notice to Tenant. Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant to Landlord shall be treated as a payment on account and shall not be treated as an accord and satisfaction. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon or upon any letter accompanying such check that such lesser amount is payment in full shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may then or thereafter have against Tenant.

Section 7.5 Assignment to Trustee; Obligation to Make Payments Absolute. It is understood and agreed that the payments by Tenant made pursuant to Section 7.1.1 of this Lease shall be assigned by the Landlord to the Trustee. The Tenant assents to such assignment and agrees that, as to the Trustee, its obligation to make such payments shall be absolute. The Landlord directs the Tenant, and the Tenant agrees, to pay to the Trustee at its principal corporate trust office the payments required under Section 7.1.1.

So long as any Bonds are Outstanding, the Tenant will pay to the Landlord, the Trustee and each paying agent for the Bonds, as applicable, on each Installment Payment Date the Administration Expenses not theretofore provided for which have then accrued and become payable.

Section 7.6 Additional Bonds. Tenant agrees that in the event Landlord shall, at the request of Tenant, issue Additional Bonds under the Indenture for the purpose of (a) completing the acquisition, construction and installation of the Project (b) substituting, adding to, modifying, enlarging, improving or expanding the Project, or (c) refunding of Outstanding Bonds in accordance with the Indenture, Tenant will, if necessary, enter into an amendment to this Lease with the Landlord which will contain such provisions as shall be required in respect of the issuance of such Additional Bonds.

ARTICLE VIII
CONSTRUCTION OF SITE WORK

Section 8.1 Site Work Plans and Specifications.

(a) Landlord at its cost shall cause its engineers, Allen and Hoshall and Dungan Engineering P.A. (collectively, the "Landlord's Engineer"), to prepare plans and specifications for the Phase I Site Work and the Phase II Site Work, respectively. Within thirty (30) days after the date this Lease has been fully executed by both parties, Landlord shall submit to Tenant a complete set of Landlord's preliminary plans and specifications for the Phase I Site Work (the "Preliminary Phase I Plans"), which preliminary plans and specifications shall be in accordance with Exhibit C attached hereto. Not later than ten (10) days after Tenant receives the Preliminary Phase I Plans, Tenant shall review and notify Landlord in writing of Tenant's approval or disapproval of the Preliminary Phase I Plans. *Any disapproval notice shall specify, with reasonable particularity, the reason or reasons for*

such disapproval. If Tenant disapproves the Preliminary Phase I Plans, Landlord shall revise the Preliminary Phase I Plans and resubmit such revised Preliminary Phase I Plans to Tenant within ten (10) days after Landlord's receipt of Tenant's disapproval notice. Within ten (10) days after Tenant's receipt of such revised Preliminary Phase I Plans, Tenant shall review and notify Landlord in writing of Tenant's approval or disapproval of such revised Preliminary Phase I Plans. Any disapproval notice shall specify, with reasonable particularity, the reason or reasons for such disapproval. If Tenant disapproves such revised Preliminary Phase I Plans, the procedures set forth above for revision and approval of the revised Preliminary Phase I Plans shall be repeated until the Preliminary Phase I Plans are finally approved by Tenant and Landlord. The Preliminary Phase I Plans, as finally approved by Tenant and Landlord in accordance with the procedure set forth in this Section 8.1(a), shall constitute and shall be known as the "Phase I Plans and Specifications." Within forty-five (45) days after the date this Lease has been fully executed by both parties, Landlord shall submit to Tenant a complete set of Landlord's preliminary plans and specifications for the Phase II Site Work ("Preliminary Phase II Plans"), which preliminary plans and specifications shall be in accordance with Exhibit D attached hereto. The procedure for approval, disapproval and revision of the Preliminary Phase II Plans shall be in accordance with the same procedure as set forth above for approval, disapproval and revision of the Preliminary Phase I Plans. The Preliminary Phase II Plans, when and as finally approved by Tenant and Landlord in accordance with said procedures, shall constitute and shall be known as the "Phase II Plans and Specifications." The final Phase I Plans and Specifications and Phase II Plans and Specifications shall constitute and shall be known as the "Site Work Plans and Specifications." The approved Site Work Plans and Specifications shall not be modified or amended except in accordance with the procedures set forth in **Section 8.1(b)** hereof.

(b) Any change or revision to the Site Work Plans and Specifications authorized by the Tenant in writing after the date the Tenant has approved the Site Work Plans and Specifications as provided above will be treated as a change order requested by the Tenant. Landlord will advise Tenant in writing of the cost of the change order and any anticipated delay in Substantial Completion that will result from the change order, and, if such change order shall cause a delay, the delay shall constitute a Tenant Delay as hereinafter defined. The Tenant shall then advise Landlord in writing of its acceptance or rejection of the change order within fifteen (15) days after Landlord notifies Tenant of the costs and anticipated delay for such change order. The number of days Tenant takes to advise Landlord of its acceptance or rejection of the change order shall be a Tenant Delay. All costs paid or incurred by Landlord as the result of or in any way connected with any change orders requested or approved by Tenant (including but not limited to architectural and engineering fees and expenses, all costs and expenses for labor and materials and other construction costs, and any additional interest expense or other financing costs attributable to any delays caused by processing, approving and/or performing said change order) shall be paid for solely by Tenant to Landlord in advance of construction.

(c) Any responses required within a certain time period under this **Section 8.1** shall be due by 4:00 p.m. (local time at the Leased Premises) on the date specified therefor. Any such response received by either party after 4:00 p.m. (local time at the Leased Premises) on any day shall be deemed to be received on the next day.

(d) The term "Tenant Delay" shall mean the sum of: (i) the number of days Tenant takes in providing any of Tenant's responses required or permitted under **Section 8.1(b)**, (ii) the number of days of delay minus the number of days of gain caused by changes requested by Tenant to any aspect of the Site Work Plans and Specifications after the date hereof (including the number of days it takes to prepare and process any of the documents or drawings for such change order and any and all delays in or halting of construction as provided in **Section 8.1 (b)**), (iii) the number of days of delay caused by Tenant's or its agents or contractor's interference (if any) in the construction or delay in processing General Contractor's submittals, plus (iv) the number of days of delay caused by the inclusion of any work or materials not shown on the original Site Work Plans and Specifications. Upon receipt of Tenant's written request to make any change to the Site Work Plans and

Specifications, which change affects contract price or contract time, Landlord shall within fifteen (15) days either (A) provide Tenant with Landlord's reasonable good faith estimate of the increase or decrease in the number of days required to complete the Site Work occasioned by such change and the cost of such changes, which estimate shall be binding on Landlord and Tenant with respect to the calculation of Tenant or Landlord Delay, or (B) inform Tenant of the number of days it will take to make such a determination, in which case if Tenant still desires to request such changes Landlord will not stop any construction in progress while Landlord is evaluating or calculating the time required to implement a change unless requested by Tenant or unless in Landlord's or in General Contractor's reasonable judgment construction should be stopped.

(e) Whenever a period of time is prescribed in this **Article VIII** for action to be taken by Landlord or Tenant, Landlord and Tenant shall not be liable or responsible for, and there shall be excluded from the computation for such period of time, any delays due to strikes, riots, weather, fire, flood, any other casualties or acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other cause of any kind whatsoever which is beyond the reasonable control of Landlord or Tenant ("Excused Delay").

Section 8.2 **Phase I Site Work**. Subject to Excused Delay and Tenant Delay, and provided the Tenant does not terminate this Lease prior to the expiration or termination of the Feasibility Period, Landlord shall commence construction of the Phase I Site Work not later than the later of: (a) sixty (60) days after the Economic Development Association has approved the Phase I Plans and Specifications, or (b) ten (10) days after the expiration or termination of the Feasibility Period; and thereafter Landlord shall prosecute with diligence the construction of the Phase I Site Work and shall complete same substantially in accordance with the Phase I Plans and Specifications not later than sixty (60) days after the commencement of the Phase I Site Work.

Section 8.3 **Substantial Completion**. When the Landlord considers the Phase I Site Work to be approaching Substantial Completion, the Landlord shall notify the Tenant (Landlord shall give Tenant seven [7] days' notice of the anticipated date of Substantial Completion), and on the basis of an inspection, Landlord and Tenant shall determine if the Phase I Site Work has reached Substantial Completion. Landlord will then prepare a certificate of substantial completion, which shall establish the date of Substantial Completion of the Phase I Site Work, and shall have the punch list items listed therein. The inspection and issuance of the certificate of substantial completion shall be completed within twelve (12) business days after Landlord's notification. Warranties required by this Lease with respect to the Phase I Site Work shall commence on the date of Substantial Completion of the Phase I Site Work. The certificate of substantial completion shall be signed by the Tenant, the Landlord and the General Contractor to evidence their written acceptance of the responsibilities assigned to them in such certificate. Tenant agrees that it shall not unreasonably withhold, delay or condition its approval of the certificate of substantial completion, and Tenant shall not be required to take possession of the Leased Premises until Tenant has accepted the certificate of substantial completion. Landlord shall exercise due diligence to complete the items on the punch list within ten (10) days of receipt of the certificate of substantial completion from Tenant, subject to Tenant Delays, Excused Delay and Force Majeure.

Section 8.4 **Phase II Site Work**. Within fifteen (15) days following the date the Tenant commences construction of the Tenant's Work, the Landlord shall commence construction of the Phase II Site Work in accordance with the Phase II Plans and Specifications. Each party shall perform its respective construction work and related activities so as not to (a) cause any unreasonable increase in the cost of construction of the other party's work or any part thereof, (b) unreasonably interfere with any work being performed by the other party, or (c) unreasonably interfere with the use, occupancy or enjoyment of the remainder of the Land or the Airport or any part thereof by the other party or its respective contractors, tenants, subtenants or other occupants or licensees. Each party, as respects its construction activities, shall use good faith efforts to cause its architects, engineers and contractors to cooperate and coordinate its and their construction activities with the architects, engineers, contractors and work of the other party to the extent reasonably practicable. Landlord agrees to complete the Phase II Site Work substantially in accordance with the Phase II Plans and

Specifications not later than one hundred and five (105) days after the date Tenant commences construction of the Tenant's Work. When Landlord considers the Phase II Site Work to be approaching completion, the Landlord shall notify the Tenant and Landlord and Tenant shall follow the same procedure and shall each have the same rights and obligations with respect to the Phase II Site Work as provided in **Section 8.3** hereof with respect to the Phase I Site Work.

Section 8.5 **Supervision by Tenant's Contractor**. Landlord at its expense shall retain Dungan Engineering, P.A. (the "Construction Manager") to serve as construction manager for and to supervise the performance of all of the Site Work. Landlord agrees that Tenant and the Tenant's general contractor, W. Chester Williams, Inc. (the "Tenant's Contractor"), shall have access to the Land and Airport for the purpose of inspecting and supervising the performance of the Site Work; that the Landlord's Construction Manager and General Contractor shall cooperate with the Tenant's Contractor and shall coordinate all of the Site Work with the Tenant's Contractor; that all of the Site Work shall be performed under the direction and supervision of both the Construction Manager and the Tenant's Contractor; and that Landlord shall require Landlord's General Contractor to repair or replace any defective or non-conforming Site Work identified by the Construction Manager or the Tenant's Contractor at no cost to Tenant. Landlord shall require its General Contractor and Construction Manager to hold a preconstruction conference with the Tenant's Contractor prior to commencing any of the Phase I Site Work or Phase II Site Work, and shall require its General Contractor to allow the Tenant's Contractor and Construction Manager an opportunity to inspect the construction site and to review all compaction tests and other tests and studies at the time the top soil is stripped from the construction site and following the installation of each lift of the building pad, and Landlord agrees that the Landlord's General Contractor shall not install any lifts for the building pad until the Construction Manager and Tenant's Contractor have approved all compaction tests and other studies and tests for the site and each prior lift installed by the Landlord's General Contractor. In the event the Phase I Site Work and/or Phase II Site Work is not substantially complete within the time periods as required under **Sections 8.3** and **8.4** hereof, respectively, the Landlord agrees to enforce all available rights and remedies against the General Contractor and the surety on its payment and performance bond and to cooperate with the Tenant and the Tenant's Contractor and permit the Tenant and Tenant's Contractor to participate in the negotiations and discussions with the General Contractor and the surety on its payment and performance bond in order to complete the Phase I Site Work and/or the Phase II Site Work as expeditiously as possible.

Section 8.6 **Warranties**. Notwithstanding **Section 8.3** or **8.4** hereof, acceptance of the Phase I Site Work and Phase II Site Work by Tenant shall constitute a waiver of all claims by the Tenant except those arising from (a) latent defects which could not have been discovered upon the date of the certificate of substantial completion, (b) failure of the Phase I Site Work or Phase II Site Work to comply with the Site Work Plans and Specifications applicable to such Site Work, and (c) Landlord's failure to complete in due course the incomplete items, if any, described in the certificate of substantial completion (including the punch list items). Landlord shall be responsible for the items described in clauses (a) and (b) of the preceding sentence only for a period of one year from and after the dates of the certificates of substantial completion for the Phase I Site Work and Phase II Site Work, respectively. Landlord shall exercise due diligence in completing any item in clause (c) of this **Section 8.6** and shall use its good faith efforts to minimize any disturbance to Tenant's operations in the Leased Premises. Additionally, Landlord shall provide Tenant with any equipment warranties obtained in connection with the purchase of equipment which is incorporated into Tenant's Leasehold Improvements. THE FOREGOING CONSTITUTES LANDLORD'S ONLY WARRANTY. ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY, SUITABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY NEGATED AND WAIVED.

Section 8.7 **Intentionally Deleted**.

Section 8.8 **General Contractor's Insurance and Bonds**. Landlord shall require each General Contractor that performs any Site Work to procure and maintain in full force and effect all of the following insurance coverages:

(a) Commercial general liability insurance together with coverages for Premises/Operations, independent contractor's protective, products and completed operations and contractual liability (the "Liability Insurance") in the minimum amount of not less than Two Million Dollars ($2,000,000.00) combined single limit, written on an occurrence policy form, covering bodily or personal injury, death and property damage arising out of or relating, directly or indirectly, to General Contractor's and its subcontractors' activities, operations, conduct and assumed liabilities;

(b) Automobile and other vehicle liability insurance (the "Vehicular Liability Insurance") in the minimum amount of not less than Two Million Dollars ($2,000,000.00) combined single limit, providing coverage on an occurrence basis and covering all owned, non-owned and hired automobiles, trucks and other vehicles used in connection with the General Contractor's and its subcontractors' operations and activities;

(c) Worker's compensation insurance in the statutory limits and employer liability insurance in the minimum amount of One Hundred Thousand Dollars ($100,000.00) (the "Contractual Liability and Employer Liability Policies"); said Contractual Liability and Employer Liability Policies shall both provide waiver of subrogation in favor of both Landlord and Tenant;

(d) Excess Liability Insurance (the "Excess Liability Insurance") in the minimum amounts of Five Million Dollars ($5,000,000.00) combined single limit, providing coverages in excess of the coverages provided under the General Contractor's Liability Insurance and Vehicular Liability Insurance; and

(e) Payment and performance bonds (the "Bonds") written in the amount of the contract sum for the Site Work performed by each such General Contractor.

All Liability Insurance, Vehicular Liability Insurance and Excess Liability Insurance required hereunder shall include the broadest form of contractual liability coverage in order to provide coverage to the maximum extent possible of General Contractor's indemnification obligations under its Site Work construction contract, and shall include both Landlord and Tenant and Tenant's Mortgagee as additional insureds by endorsements satisfactory in form and substance to Landlord and Tenant. All of the insurance required to be provided hereunder shall be issued by an insurance company with a rating of no less than A-/VIII in the current Best Insurance Guide, or that is otherwise acceptable to Seller, and admitted to engage in the business of insurance in the State of Mississippi; shall be primary insurance for all claims under it and shall provide that any insurance carried by Landlord or Tenant is strictly excess, secondary and non-contributing with any insurance carried by General Contractor; and shall provide that such insurance may not be canceled, non-renewed or the subject of material change in coverage except upon thirty (30) days' prior written notice to Landlord and Tenant. Prior to the commencement of Site Work, the General Contractor shall provide Landlord and Tenant a duplicate original or a legally enforceable certificate of insurance on all policies required to be provided by it under this agreement, together with satisfactory evidence of the payment of the premiums therefor. All Bonds provided by the General Contractor shall contain dual obligee riders in favor of Landlord and Tenant and a mortgagee rider in favor of Tenant's Mortgagee, and shall be written by a surety acceptable to both Landlord and Tenant. Landlord further agrees that any and all indemnities provided by its General Contractor shall be for the benefit and protection of both Landlord and Tenant.

ARTICLE IX
LANDLORD'S MAINTENANCE AND REPAIRS

Section 9.1 **Landlord's Maintenance and Repairs**. Landlord at its expense shall maintain in good condition and repair (a) the Tenant's Easements, (b) the Landlord's Reserved Easements, (c) the concrete apron, taxiways, driveways, entrance drives and related facilities installed by Landlord on the Land, and (d) all lines and facilities required to provide storm water drainage, potable water, sanitary sewer, electricity, gas, telephone and other utility services (excluding electricity and telephone) to and for the Leased Premises (including but not limited to maintenance and repair of all such utility lines and facilities to points lying within

five [5] feet from the exterior walls of the Building, but not including any utility lines or facilities lying closer than five [5] feet from the exterior walls of the Building or lying within or under the Building); and Landlord at its expense shall promptly make all repairs and replacements to said improvements, and shall use reasonable precautions to prevent waste, damage or injury as the result of any such maintenance or repairs; provided, however, notwithstanding anything to the contrary provided herein, Landlord shall not be responsible for repairing any damages caused by Tenant or its Subtenant, which damages shall be the responsibility of the party who causes same. Landlord at its expense shall immediately repair any and all damages to the Building or other improvements or property caused by its maintenance or repairs hereunder.

ARTICLE X
TENANT'S CONSTRUCTION, ALTERATIONS AND REPAIRS; ISSUANCE OF THE BONDS

Section 10.1 Tenant's Construction.

(a) Following Substantial Completion of the Phase I Site Work by Landlord, Tenant shall have the right at its cost to construct the Building and other improvements to be constructed by it under the Sublease in the time and manner and substantially in accordance with the plans and specifications therefor as provided in the Sublease (the "Tenant's Work"). Said plans and specifications shall be in compliance with the Minimum Standards unless Landlord approves any deviations therefrom. In addition, Tenant shall have the right, at its own cost and expense, to construct and install on any part or all of the Leased Premises, at any time and from time to time, such buildings, structures, parking areas, driveways, sidewalks, landing pads, taxiways, aprons, landscaping and other similar and dissimilar improvements of any kind as Tenant shall from time to time determine, provided that the same shall be in compliance with all then applicable building codes and ordinances, or variances thereof approved by the governmental authority, agency, board or judicial tribunal having jurisdiction thereof.

(b) Prior to Substantial Completion of the Phase I Site Work, Tenant and its architects, engineers, consultants and contractors shall have access to the Leased Premises for the purpose of inspecting the progress of the Site Work and, at Tenant's option, for the purpose of commencing the construction of the Buildings and other improvements to be constructed on the Leased Premises by Tenant. Landlord and Tenant and their respective contractors, subcontractors and material suppliers shall cooperate with one another in order to avoid any interference with the other's work, and Tenant agrees that the Tenant's Contractor shall coordinate its work with the Construction Manager. During the period beginning on the date Tenant commences construction of the Building and related improvements to be constructed by it and continuing to and including the Rental Commencement Date, Tenant agrees to comply with all of its obligations and agreements under this Lease other than its obligation to pay Rental hereunder.

Section 10.2 Repairs and Maintenance. Except for repairs that are the responsibility of Landlord under this Lease, Tenant shall, at all times during the Term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in good condition and repair (damage or destruction by fire or other casualty, and ordinary wear and tear excepted), all Buildings and improvements at any time erected on the Leased Premises by Tenant, and shall use reasonable precautions to prevent waste, damage or injury.

Section 10.3 Alterations. Tenant may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements and additions in and to the Leased Premises, and the Building(s) and improvements thereon, as it may deem desirable, including the demolition of any Building(s) and improvements and/or structure(s) that now or hereafter may be situated or erected on the Leased Premises.

Section 10.4 Title to Improvements. Until the expiration or sooner termination of the Term of this Lease (subject, however, to the rights of the holder of any Mortgage to obtain a new lease as set forth herein), title to any and all Buildings, fixtures, equipment and other improvements at any time constructed or installed on

or in or forming a part of the Leased Premises, and all other items installed thereon or therein, and any and all alterations, changes and additions thereto, shall at all times remain solely in Tenant; and, Tenant (and/or Tenant's members or partners) shall be entitled to deduct all depreciation on its or their income tax returns for any and all such Buildings, fixtures, equipment and/or other items, improvements, additions, changes or alterations. Upon the expiration or termination of this Lease, the ownership of said Building and permanent improvements (except as set out hereunder) constructed on the Leased Premises by Tenant shall belong to Landlord. All fixtures, equipment and other property placed on the Leased Premises by Tenant or any Subtenant, and any alterations or replacements thereof, shall remain the property of and may be removed by Tenant or such Subtenant; provided, however, that neither Tenant nor Subtenant shall have the right to remove any doors, windows or built-in plumbing, fire protection or HVAC fixtures that are installed by Tenant and that constitute a part of the Building.

Section 10.5 **Surrender of Leased Premises**. On the last day or sooner termination of the Term of this Lease, Tenant shall quit and surrender the Leased Premises, and the Buildings and permanent improvements then thereon, broom clean, and in good condition and repair (damage or destruction by fire or other casualty, and ordinary wear and tear excepted), subject to the provisions of Section 22.2 and Articles XIX, XX and XXIV hereof.

Section 10.6 **Issuance of Bonds**. Landlord agrees that on or before _____ ___, 2001 or such later date as shall be agreed to in writing by Landlord and Tenant, it will issue, sell and deliver pursuant to the Indenture the Series 2001 Bonds in the aggregate principal amount of $2,770,000.

Section 10.7 **Sale of Series 2001 Bonds, Additional Bonds**. In order to provide funds for the Costs of the Project, the Landlord, as soon as practicable after the execution of this Lease, will sell, issue and deliver to the initial purchasers thereof the Series 2001 Bonds and deposit the proceeds thereof with the Trustee, as follows: (a) in the Bond Fund, a sum equal to the accrued interest, if any, and premium, if any, paid by the initial purchasers of the Series 2001 Bonds, and $_____ for interest due on the bonds during the construction of the Project, and (b) in the Acquisition Fund, the balance of the proceeds to be received from said sale.

Landlord has not applied for a rating of the Series 2001 Bonds from any national rating agency and does not intend to do so.

Upon written request from Tenant to issue Additional Bonds to complete acquisition of the Project or to refund any one or more series of outstanding Bonds, Tenant shall use its best efforts to issue such Bonds in one or more Series for such purpose in accordance with the provisions of the Indenture and the Act; provided, however, that the failure of Landlord to issue Additional Bonds shall not release Tenant from any of the provisions of this Lease, regardless of the reason for such failure.

Section 10.8 **Payments from Acquisition Fund**. Landlord has, in the Indenture, authorized and directed the Trustee to make payments from the Acquisition Fund to pay the Cost of the Project, upon receipt by the Trustee of requisitions (upon which both the Landlord and the Trustee shall rely and shall be protected in relying) signed by the Tenant, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation (which may include Tenant) to whom payment is due (or, in the case of payments to the Bond Fund, instruction to make such payments to the bond Fund, (3) the amount to be paid, (4) that each obligation, item or cost or expense mentioned therein has been properly incurred, is a proper charge against the Acquisition Fund and has not been the basis of any previous withdrawal and (5) subsequent to Tenant's presentation of the initial requisition or requisitions to the Trustee for payments from the Acquisition Fund to pay the costs of issuance of the Bonds, that Landlord has a good and marketable fee title in the Project Site and the Project Site is free and clear of all liens and encumbrances except Permitted Encumbrances.

Section 10.9 **Investment of Moneys in Funds Created Under Indenture**. Any monies held as a part of the Acquisition Fund, the Bond Fund or any other fund created pursuant to the Indenture shall, at the written

request of Tenant (or, if Tenant is in default under this Lease, at the written request of Landlord), be invested or reinvested by the Trustee as provided in **Article VII** of the Indenture.

Section 10.10 Tenant Notice. Under paragraph 3.2 of the Sub-Lease Agreement, Chevron, the sub-tenant, must give notice of its intent to renew the Sub-Lease Agreement six (6) months before the end of the Original Term (as defined in the Sub-Lease Agreement) of the Sub-Lease Agreement. Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to renew or not to renew the Sub-Lease Agreement (the "Tenant's First Notice").

If Chevron renews the Sub-Lease Agreement after the expiration of the Original Term of the Sub-Lease Agreement, under paragraph 3.3 of the Sub-Lease Agreement, Chevron must give notice of its intent to renew the Sub0Lease Agreement six (6) months before the end of this Extension Term (as defined in the Sub-Lease Agreement). Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to further renew or not to further renew the Sub-Lease Agreement (the "Tenant's Second Notice").

Within one hundred twenty (120) days of the Trustee's receipt of the Tenant's Notice, the Trustee must give written notice of Chevron's decision to renew or not to renew the Sub-Lease Agreement to the Holders of the Series 2001B Bonds (the "Trustee Tender Notice").

ARTICLE XI
LIENS

Section 11.1 **Obligation to Keep Free of Liens**. Each party to this Lease (hereinafter sometimes referred to as the "Contracting Party") shall keep the Leased Premises free from any liens arising from any work performed, materials furnished or obligations incurred by or at the request of the Contracting Party. If any lien is filed against the Leased Premises or Tenant's leasehold interest therein, the party who first receives notice of such lien shall immediately notify the other party, and the Contracting Party shall discharge said lien within thirty (30) days after learning that the lien has been filed. If the Contracting Party fails to discharge any lien within such period, then, in addition to any other right or remedy of the other party, such other party may, at its election, discharge the lien by either paying the amount claimed to be due or obtaining the discharge by deposit with a court or a title company or by bonding. The Contracting Party shall pay on demand any amount paid by the other party for the discharge or satisfaction of any lien, and all reasonable attorneys' fees and other legal expenses of the other party incurred in defending any such action or in obtaining the discharge of such lien, together with interest thereon until paid at the Default Rate. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 11.2 **Right to Contest**. Notwithstanding the foregoing, the Contracting Party may contest the amount or validity of any such lien, provided that (a) the Contracting Party shall post a surety bond or other security satisfactory to the other party and the Tenant's Mortgagee in order to stay any proceedings to collect the disputed amount or to enforce any lien therefor while such contest is pending, (b) the Contracting Party shall pay the full amount due within ten (10) days following a final determination of the amount due, and (c) the Contracting Party shall indemnify and hold the other party and the Tenant's Mortgagee and Subtenant harmless from and against any and all liabilities, claims of liability, penalties, damages, losses, costs and expenses of any and every kind, including but not limited to reasonable attorneys' fees, paid or incurred by them or either of them arising from or as the result of or in any way connected with any such lien or any contest thereof or any failure to pay said lien when and as due. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 11.3 **Subtenant**. Tenant agrees to obtain a reciprocal covenant from its Subtenant under the Sublease, and Landlord agrees to look solely to the Subtenant for the payment and satisfaction of any liens

arising from any work performed, materials furnished or obligations incurred by or at the request of the Subtenant.

ARTICLE XII
USE AND MAINTENANCE

Section 12.1 Provided the Sublease with Chevron is in full force and effect, Tenant agrees that the Leased Premises shall be initially developed and used for Chevron's Intended Use; and thereafter, the Leased Premises may be used by Tenant or its Subtenant for any lawful use provided that such use shall not violate the Rules and Regulations or Minimum Standards. Tenant shall in its use and enjoyment of the Leased Premises observe and abide by, and shall exert good faith efforts to require its Subtenant and each of its and their respective contractors, invitees and licensees to observe and abide by, all laws, statutes, ordinances, rules and regulations, any certificate of occupancy. Tenant shall at all times use and maintain or exert good faith efforts to require the Subtenant to use and maintain the Leased Premises in a clean, careful, safe, lawful, and proper manner. Neither Tenant nor any of its employees, invitees or licensees shall cause, maintain or permit any nuisance in, on or about the Leased Premises or commit or suffer to be committed any waste in, on or about the Leased Premises.

ARTICLE XIII
ADJOINING AIRPORT

Section 13.1 Use of Adjoining Airport Facilities. Landlord and Tenant acknowledge that the Leased Premises is adjacent to the Airport; that Landlord owns and operates the Airport; and that Tenant and its Subtenant desire to use and have access to the facilities at the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and the driveways, access roads, runways, drainage and utility facilities, taxiways and any and all other improvements at the Airport. Landlord further understands, acknowledges and agrees that the continued operation of the Airport and the construction and operation of the Washing Facility are and will be and remain the primary inducements for Tenant to enter into this Lease and for Chevron as well as any subsequent Subtenant to enter into a Sublease. Accordingly, Landlord covenants and agrees (a) that it shall construct the Washing Facility in accordance with the Washing Facility Plans and Specifications and the terms and provisions of this Lease; (b) that the Landlord will continue to operate the Airport as a public airport facility at all times during the Term of this Lease (whether governed under the Municipal Airport Law, Section 61-5-1, *et seq.*, of the Mississippi Code of 1972, as amended [the "Code"], or the Airport Authorities Law, Section 61-3-1, *et seq.*, of the Code), subject only to temporary interruptions in the operation of said Airport as the result of Force Majeure; (c) that the Landlord shall maintain the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and all driveways, access roads, drainage and utility facilities, runways, taxiways and other improvements at the Airport, in good condition and repair and in compliance with all federal, state and local laws, statutes, codes, ordinances, rules, rulings, regulations, permits, licenses, orders and interpretations, including but not limited to all Environmental Laws; (d) that the Landlord at its expense shall promptly repair or replace any and all damage to or loss or destruction of the buildings and improvements at the Airport, including but not limited to the Washing Facility, the Water Tank, the Tenant's Easements and all driveways, access roads, drainage and utility facilities, runways, taxiways and other improvements at the Airport; (e) that the Tenant and any and all Subtenants and other occupants of all or any part or parts of the Leased Premises, and its and their agents, servants, employees, contractors, licensees, permittees and invitees, shall have a non-exclusive right, license and easement at all times during the Term of this Lease to use the Washing Facility, the Water Tank, the Tenant's Easements and the driveways, access roads, drainage and utility facilities, runways, taxiways and other common facilities at the Airport for the purposes intended; and (f) that Landlord shall comply with and shall cause the Airport and all other occupants and operators at the Airport to comply with the Rules and Regulations and the Minimum Standards to the extent applicable to its or their respective operations and activities at the Airport. During the Term of this Lease, neither Landlord nor any of its successors or assigns will charge Tenant or any Subtenant, or any of its or their agents, servants, employees, contractors, licensees, permittees or invitees, for the use of the Washing Facility, the Water Tank, the Tenant's Easements or the

driveways, access roads, drainage and utility lines and facilities, runways, taxiways and other common facilities located at the Airport.

Section 13.2 **Tenant's Right to Cure Defaults**. In the event Landlord fails to timely satisfy and perform any of its obligations or agreements arising under or by virtue of this **Article XIII**, Tenant shall have the right but not the obligation to perform such obligations and agreements at Landlord's cost and expense, and Landlord agrees to reimburse Tenant for all costs and expense paid or incurred by Tenant in connection therewith, including but not limited to all architectural and engineering fees and expenses, all legal fees and expenses and all costs and expenses incurred in performing or curing any of the Landlord's obligations or agreements hereunder, together with interest thereon until paid at the Default Rate; provided, however, except in cases of emergencies, Tenant shall not perform any such obligations or agreements as would violate the bidding requirements of Section 31-7-13 of the Code. Landlord further agrees that Tenant shall have the right to offset said costs and expenses together with interest thereon at the Default Rate from the payments of Rental due and payable from Tenant to Landlord hereunder. Tenant's rights and remedies under this **Section 13.2** shall be in addition to and not in limitation of any other rights or remedies available to it hereunder or by statute, at law or in equity.

Section 13.3 **Covenants Running with the Land**. The Landlord's obligations and agreements under this Article XIII shall be deemed covenants running with the Land and shall be binding upon the Landlord and its successors and assigns in interest in and to the Airport, and shall inure to the benefit of Tenant and its Subtenants, and its and their respective successors and assigns as tenant under this Lease and as Subtenant under any Sublease, respectively.

ARTICLE XIV
LAWS AND REGULATIONS

Section 14.1 **Compliance with Laws and Regulations**. To the extent applicable to Tenant's or its Subtenant's respective operations and activities at the Leased Premises or the Airport, Tenant, at its sole cost and expense, shall comply with and shall exert good faith efforts to cause its Subtenant to comply with and to cause the Leased Premises to comply with all existing and future federal, state, county, municipal and other governmental statutes, laws, rules, orders, permits, regulations and ordinances (including but not limited to the Rules and Regulations and the Minimum Standards) affecting the Leased Premises or any part thereof, or the use thereof.

ARTICLE XV
HAZARDOUS SUBSTANCES

Section 15.1 **Landlord's Covenants**. Landlord covenants, warrants and represents that neither it nor any other Person has used, generated, installed, placed, stored, released or otherwise disposed of, nor permitted to exist, any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of any applicable Environmental Law. Landlord further covenants, warrants and represents that it shall not use, generate, install, place, store, release or otherwise dispose of, nor permit any use, generation, placement, storage, release or other disposition of, any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of any applicable Environmental Law; provided, however, that Landlord shall not be responsible for any such Hazardous Substances used, generated, placed, stored, released or otherwise disposed of by Tenant or its Subtenant. Landlord agrees at its expense to immediately remediate and remove in strict compliance with all Environmental Laws any and all Hazardous Substances heretofore or hereafter introduced, released or discharged in, on, under, from or about the Leased Premises or the Airport in violation of the foregoing covenants by Landlord. To the fullest extent allowed by law, Landlord further agrees to hold the Tenant Parties harmless from and against any and all liability, claims of liability, causes of action (whether arising by contract, tort, statute or any other legal or equitable theory), suits, actions, proceedings, judgments, penalties, fines, losses, damages, costs and expenses (including without limitation any and all sums paid for settlement of claims, response costs, cost of remediation, detoxification,

removal and disposal of any Hazardous Substances, cost of repairs, restoration and cleanup, and all reasonable fees of attorneys, consultants and experts) arising from or as the result of or in any way connected with the presence, suspected presence, use, generation, storage, release or disposal of any Hazardous Substances in, on, under, from or about the Leased Premises or the Airport in violation of the foregoing covenants and warranties by Landlord. Notwithstanding the foregoing, Landlord shall not be held to any higher standard or duty than as provided in the Minimum Standards.

Section 15.2 **Tenant's Covenants**. Tenant covenants, warrants and represents that it shall not use, generate, install, place, store, release or otherwise dispose of, and that it shall exert good faith efforts to prevent its Subtenant from using, generating, installing, placing, storing, releasing or otherwise disposing of, any Hazardous Substances or storage tanks for Hazardous Substances in, on, under, from or about the Leased Premises in violation of any applicable Environmental Law. Tenant agrees at its expense to immediately remediate and remove in strict compliance with all Environmental Laws any and all Hazardous Substances that are introduced, released or discharged in, on, under, from or about the Leased Premises by Tenant in violation of any applicable Environmental Law. To the fullest extent permitted by law, the Tenant agrees to indemnify and hold the Landlord Parties harmless from and against any and all liability, claims of liability, causes of action (whether arising by contract, tort, statute or any other legal or equitable theory), suits, actions, proceedings, judgments, penalties, fines, losses, damages, costs and expenses (including without limitation any and all sums paid for settlement of claims, response costs, costs of remediation, detoxification, removal and disposal of any Hazardous Substances, costs of repairs, restoration and cleanup, and all reasonable fees of attorneys, consultants and experts) arising from or as the result of or in any way connected with any use, generation, storage, release or disposal by Tenant in violation of any applicable Environmental Law of any Hazardous Substances in, on, under, from or about the Leased Premises.

Section 15.3 **Subtenant's Covenants**. Tenant shall use good faith efforts to obtain and enforce comparable environmental covenants and indemnities from any Subtenant of the Premises with respect to Hazardous Substances and compliance with Environmental Laws, but Landlord agrees that it shall look solely to the Subtenant for any violation thereof, and that the Tenant and its manager, and its and their respective officers, directors, shareholders, members, managers, partners, agents, servants and employees, shall not have any liability for any use, generation, storage, release or disposal of any Hazardous Substances by Subtenant or any other Person whomsoever other than Tenant.

Section 15.4 **Survival**. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

ARTICLE XVI
UTILITIES

Section 16.1 **Utilities**. Tenant or its Subtenant shall make application for, obtain, pay for, and be solely responsible for all charges for utilities used or consumed by Tenant or its Subtenant on, in or at the Leased Premises. In the event that any charge for any utility supplied to the Leased Premises is not paid by Tenant or its Subtenant to the utility supplier when due, then Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord together with interest thereon at the Default Rate being due and payable by Tenant to Landlord, as Additional Rental, promptly upon demand.

ARTICLE XVII
TAXES

Section 17.1 **Taxes**. Tenant and any Subtenant shall have the right at their expense to apply for and to seek to obtain all (if any) tax credits, exemptions and abatements from federal, state and local taxation that may be available to it in connection with the lease, development, construction, financing and operation of the Leased Premises, including but not limited to any job tax credits and any other credits, exemptions and/or abatements of ad valorem, property, sales, use, recording, franchise or other federal, state or local taxes that may be available to it (collectively, the "Tax Credits, Exemptions and Abatements"). The Landlord agrees to

cooperate with Tenant and its Subtenant and to assist Tenant and its Subtenant in applying for and obtaining all (if any) Tax Credits, Exemptions and Abatements that may be available to Tenant and/or its Subtenant. If requested by Tenant or its Subtenant or required by the applicable governmental authority, Landlord agrees to join in Tenant's and/or Subtenant's applications and other submittals for any and all such Tax Credits, Exemptions and Abatements as may be available to Tenant or its Subtenant, provided that Tenant or its Subtenant shall pay all costs and expenses in connection therewith. Notwithstanding anything to the contrary provided herein, it is understood and agreed that the Landlord has not made and does not make any warranty or representation of any kind that any such Tax Credits, Exemptions and Abatements are or may be or remain available to Tenant, and Tenant acknowledges and agrees that it or its Subtenant shall be solely responsible for determining the availability of and obtaining and maintaining any such Tax Credits, Exemptions and Abatements that may be available.

Section 17.2 **Payment of Taxes**. Subject to **Section 17.1** hereof, Tenant agrees that during the period commencing on the Rental Commencement Date and continuing for and during the remaining Term of this Lease, Tenant shall pay or cause its Subtenant to pay, as Additional Rental, all ad valorem taxes, property taxes and assessments, special and general assessments, water and sewer rents and other lawful governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary (but not including any excise, franchise, income or other similar taxes), and each and every installment thereof which, during the Term of this Lease following the Rental Commencement Date, shall or may be charged, levied, laid, assessed, imposed, become due and payable, or liens upon or for or with respect to the Leased Premises or any part thereof, or any buildings, appurtenances or equipment owned by Tenant thereon or therein, or any part thereof, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of any and all lawful governmental authorities whatsoever (hereinafter sometimes referred to collectively as the "Taxes and Assessments"). While the Bonds are outstanding, payment of such taxes shall be made from the Tax and Insurance Fund. Tenant agrees that it shall pay all such Taxes and Assessments before same become delinquent.

Section 17.3 **Tenant's Right to Contest Taxes**. Notwithstanding the foregoing, Tenant and/or its Subtenant shall have the right at its own expense and in its own name and behalf or in the name and behalf of the Landlord, in good faith, to contest any such Taxes and Assessments provided that (a) Tenant or its Subtenant shall provide Landlord a surety bond or other security satisfactory to Landlord in order to stay any proceedings to collect said Taxes and Assessments or to enforce any lien therefor while such contest is pending, (b) Tenant or its Subtenant shall pay the full amount of Taxes and Assessments within ten (10) days following a final determination of the amount due; and (c) Tenant or its Subtenant shall indemnify and hold Landlord harmless from and against any and all liabilities, claims of liability, penalties, damages, losses, costs and expenses of any and every kind, including but not limited to reasonable attorneys' fees, arising from or as the result of or in any way connected with any such contests or any failure to pay said Taxes and Assessments when and as due. The Landlord agrees that it shall not oppose Tenant or its Subtenant in connection with any such contests, provided that Tenant or its Subtenant shall pay all of the Landlord's costs and expenses (including but not limited reasonable attorneys' fees) in connection therewith. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 17.4 **Proration of Taxes for Partial Tax Years**. In the event the Rental Commencement Date does not coincide with the first day of the tax year of the applicable taxing authority, to the extent allowed by law, Tenant's share of said Taxes and Assessments for the first and last Rental Years of the Term hereof shall be prorated so that Tenant shall be charged only for that portion of the tax year during the period commencing on the Rental Commencement Date and ending on the last day of the Term of this Lease.

Section 17.5 **Survival**. The terms and provisions of this Article shall survive the expiration or termination of this Lease.

ARTICLE XVIII
INSURANCE

Section 18.1 **Tenant's Liability Insurance**. Beginning on or before the date Landlord commences its construction activities on the Land and continuing for and during the remaining Term of this Lease, Tenant at its cost shall provide and keep in force Commercial General Liability Insurance, written by a good and solvent insurance company or companies licensed to do business in the State of Mississippi, selected by Tenant, in the amount of at least One Million and No/100 Dollars ($1,000,000.00) combined single limit. If same may be procured without extra cost, or if Landlord pays such extra costs, such policy or policies shall include Landlord as an additional insured. Tenant agrees to deliver certificates of such insurance to Landlord at the beginning of the Term of this Lease and thereafter not less than ten (10) days prior to the expiration of any such policy. Such insurance shall be non-cancellable without ten (10) days' written notice to Landlord. While the Bonds are outstanding, payment of such insurance premiums will be made out of the Tax and Insurance Fund.

Section 18.2 **Tenant's Property Insurance**. Beginning on or before the date Landlord commences its construction activities on the Land and continuing for and during the remaining Term of this Lease, Tenant shall keep the Building and any and all other improvements at any time erected by Tenant on the Leased Premises insured for the benefit of Landlord and Tenant (and, if desired by Tenant, any and all Subtenants may also be beneficiaries or insured parties of such insurance policies), as their respective interests may appear, and also for the benefit of the holder or holders of any Mortgage or Mortgages at any time made by Tenant (which Mortgagee or Mortgagees may be named under a standard mortgage clause acceptable to Tenant or as required by such Mortgagee or Mortgagees), against loss or damage by fire and other perils covered by an all risk or special perils insurance policy (and/or by a builder's risk policy during the period of any construction), which policy or policies shall be in form and content acceptable to Tenant and its Mortgagee, and in a minimum amount necessary to avoid the effect of co-insurance provisions of the applicable policies. All such policies or certificates thereof shall be held by the Trustee, if any, Tenant's Mortgagee, if any, or by Landlord, so long as the Bonds are not outstanding or there shall be no such Mortgagees. While the Bonds are outstanding, payment of such insurance premiums will be made out of the Tax and Insurance Fund. All proceeds payable at any time and from time to time by any insurance company under such policies shall be payable the Trustee, if any, Mortgagee, if any, or, if none, to Tenant. If any such proceeds are paid to the Trustee, insofar as Landlord is concerned, Tenant shall be entitled to receive the full amount thereof in accordance with the terms of this Lease, and Landlord shall not be entitled to, and shall have no interest in such proceeds or any part thereof. If any such proceeds are paid to such Mortgagee, insofar as Landlord is concerned, Tenant or Mortgagee shall be entitled to receive the full amount thereof in accordance with the terms of such Mortgage, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Any proceeds paid directly to Tenant shall be retained by Tenant, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Landlord shall, at Tenant's cost and expense, cooperate fully with Tenant in order to obtain the largest possible recovery and execute any and all consents and other instruments and take all other actions necessary or desirable in order to effectuate the same and to cause such proceeds to be paid as hereinbefore provided, and Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce the protection or the payment to be made under Tenant's insurance. At the option of Tenant, any such insurance proceeds may be paid to a Subtenant or Subtenants, either alone or jointly with Tenant.

Section 18.3 **Blanket Policies**. Any insurance required to be provided by Tenant pursuant to this Lease may be provided by blanket insurance covering the Leased Premises and other locations of Tenant or its Affiliates, provided such blanket insurance complies with all of the other requirements of this Lease with respect to the insurance involved and such blanket insurance is acceptable to any Mortgagee.

Section 18.4 Waiver of Subrogation and Rights of Recovery.

(a) Endorsements in Policies. All policies of property or casualty insurance which either party obtains for the Leased Premises, and all policies of property or casualty insurance which the Landlord obtains for the Airport (including but not limited to the Washing Facility), shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss.

(b) Survival. The terms and provisions of this Section shall survive the expiration or termination of this Lease.

ARTICLE XIX
DAMAGE BY FIRE OR OTHER CAUSE

Section 19.1 Repair of Damage to Building and Other Improvements. Subject to **Sections 19.1** and **19.2** hereof, if the Building and improvements constructed by Tenant are damaged by fire or other casualty against which Tenant is insured by a policy of insurance under **Section 18.2** hereof, then Tenant shall, if and only to the extent that the proceeds from the insurance available to Tenant and free from collection by Tenant's Mortgagee are sufficient, have the damage repaired with reasonable speed at the expense of Tenant, subject to delays that may arise by reason of adjustment of loss under insurance policies and for other delays beyond Tenant's reasonable control.

Section 19.2 Right of Termination - Damage to Building. If the building or other improvements on the Leased Premises are damaged or destroyed by any cause whatsoever to the extent that, in Tenant's reasonable judgment (a) it would not be economically feasible to repair or restore the building and other improvements damaged by such damage or destruction, or (b) the damage or destruction to the building or other improvements cannot be repaired or restored within eighteen (18) months after the occurrence of such damage or destruction, or (c) the Tenant's Subtenant elects to cancel its Sublease as the result of such damage or destruction, then and in any such event, notwithstanding the provisions of **Section 19.1** hereof or any other provisions of this Lease:

(1) Tenant shall have the right, but not the obligation, (aa) to elect not to repair, replace or rebuild such building or other improvements, as the case may be, and (bb) to terminate this Lease by giving written notice of termination to Landlord on or prior to the date that is eighteen (18) months after the occurrence of such damage or destruction, and upon the giving of such notice of termination, the Term of this Lease shall expire and come to an end on the last day of the calendar month in which such notice shall be given (or on such date subsequent thereto as Tenant may designate in said notice), with the same force and effect as if said day had been originally fixed herein as the expiration date of the Term of this Lease, and neither party shall have any further rights or liabilities hereunder. In the event the Tenant elects to terminate the Term of this Lease pursuant to this subparagraph, then and in such event Landlord and Tenant agree that, notwithstanding anything to the contrary provided in this Lease, the proceeds of any all risk or special perils insurance or other property insurance carried by Tenant with respect to the Leased Premises (but not including the proceeds of any loss of rents or income insurance, business interruption insurance or other similar insurance carried by Tenant, all of which shall be paid to Tenant alone) shall be applied as follows:

(i) First, to reimburse Tenant for all costs and expenses, including but not limited to legal fees and expenses, paid or incurred by Tenant in order to negotiate, adjust and/or settle said insurance claim;

(ii) Second, to the Trustee, to the extent that any amount of the Bonds are outstanding in order to redeem the Bonds pursuant to **Article VII** of the Indenture;

(iii) Third, to the Tenant's Mortgagee or Mortgagees, to the extent that such Mortgagee or Mortgagees may be entitled to receive said proceeds under the terms and provisions of any Mortgage or Mortgages given by Tenant; and

(iv) Fourth, the balance of said proceeds shall be divided between Landlord and Tenant on a percentage basis, with Tenant's share of the proceeds being equal to a fraction in which the numerator is the number of months remaining in the entire Term of this Lease (including both the Original Term and all of the Option Terms regardless of whether or not Tenant has exercised its rights to such Option Terms) and the denominator is nine hundred sixty (960); and Landlord's share of the award shall be equal to a fraction in which the numerator is the number of months expired in the Original Term and Option Terms, if any, and the denominator is nine hundred sixty (960).

(2) If Tenant shall not have the right to terminate this Lease pursuant to subparagraph (1), or, having such right, shall not elect to terminate this Lease, Tenant shall not be required to repair, replace or rebuild the Building or other improvements until such time as Tenant shall re-sublet the Leased Premises to a new Subtenant or to the prior Subtenant, if such prior Subtenant shall elect to re-sublet the Leased Premises; provided, however, that Tenant shall be obligated to proceed to repair, replace or rebuild such Building or other improvements, commencing not later than six (6) months following the date Tenant has received the insurance proceeds payable as the result of such damage or destruction, even if the Leased Premises has not yet been re-sublet.

Section 19.3 **Proceeds payable to Trustee or Mortgagees**. Notwithstanding anything to the contrary in this Lease, Landlord acknowledges and agrees that the Trustee or the Tenant's Mortgagees shall have a prior claim to all such insurance proceeds, and that the maximum amount which Tenant shall be required to expend toward the repair, restoration or replacement of said damaged or destroyed buildings or improvements or in satisfying its other obligations and agreements under this Article shall not under any circumstances exceed the net amount of such insurance proceeds received by Tenant after payment of all costs and expenses in connection with the receipt of such proceeds, and after deduction of any amount of said insurance proceeds retained or received by, or paid to, the Trustee, Mortgagee or Mortgagees of the Leased Premises; and, if such amount received by Tenant after such deduction be insufficient to fully repair, replace or restore any such damaged or destroyed building or improvements, then Tenant need only repair, replace or restore such part or parts thereof as may be paid in full by such amount received by Tenant after such deduction.

ARTICLE XX
EMINENT DOMAIN

Section 20.1 If the entire Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken. In the event of a partial taking (or purchase) of the Leased Premises pursuant to which more than fifteen percent (15%) of the Leased Premises or of the Land are so taken (or so purchased), or if the Tenant's Subtenant cancels its Sublease as the result of such partial taking (or purchase), then Tenant shall have the right, but not the obligation, to terminate this Lease by giving written notice of such termination to Landlord on or prior to the date one year after the date of such taking (or purchase), and upon the giving of such notice of termination, the Term of this Lease shall expire and come

to an end on the last day of the calendar month in which such notice shall be given (or on such date subsequent thereto as Tenant may designate in said notice), with the same force and effect as if said day had been originally fixed herein as the expiration date of the Term of this Lease. In the event the Lease shall terminate or shall be terminated, the Rental shall, if and when necessary, be adjusted to the day of the taking (or purchase) and neither party shall have any further rights or liabilities hereunder.

Section 20.2 **Award**. In the event of a taking (or purchase), the parties further agree that the aggregate net award, after deducting all expenses and costs, including attorneys' fees incurred in connection therewith, payable to both Landlord and Tenant, shall be paid to Tenant (or if any amount of the Bonds are outstanding to the Trustee, or if required, to any Mortgagee of Tenant), and distributed as follows:

(a) If the Bonds are still Outstanding, so much of net award as is available for distribution shall first be paid to the Trustee in accordance with the Indenture. The provisions of this Subsection 20.2(a) shall be complied with and remain effective whether or not the Lease is terminated under the provisions of Section 20.1 above.

(b) So much of net award as is available for distribution shall then be paid to the Tenant's Mortgagee or Mortgagees in accordance with the terms and provisions of its or their respective Mortgage or Mortgagees. The provisions of this **Subsection 20.2(b)** shall be complied with and remain effective whether or not the Lease is terminated under the provisions of **Section 20.1** above.

(c) In the event of a taking (or purchase) that results in the termination of this Lease pursuant to the provisions of this **Article XX**, Landlord and Tenant shall divide the balance of the condemnation award on a percentage basis, and Tenant's share of the award shall be equal to a fraction in which the numerator is the number of months remaining in the Entire Term of this Lease (including both the Original Term and all of the Option Terms, regardless of whether Tenant has exercised its rights to such Option Terms), and the denominator is nine hundred sixty (960); and Landlord's share of the award shall be equal to a fraction in which the numerator is the number of months expired in the Original Term and the Option Terms, if any, and the denominator is nine hundred sixty (960). Notwithstanding the provisions hereof, the Subtenant shall have the right to make a separate claim with the condemning authority (if permitted by law) for moving expenses, or the expense of removal of Subtenant's trade fixtures, or a loss of Subtenant's business goodwill, if and only if such action shall not reduce the amount of the award, or other compensation, otherwise recoverable from the condemning authority by Landlord and Tenant.

(d) In the event of a partial taking (or purchase) not resulting in the termination of this Lease pursuant to the provisions of this **Article XX**, Tenant shall, at its own cost and expense, make all repairs to the Building and any other improvements on the Leased Premises affected by such taking (or purchase) to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase); provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes, after deduction of any and all amounts paid to Tenant's Mortgagees and/or Subtenants. Notwithstanding anything to the contrary contained elsewhere in this Lease, all compensation available or paid to Landlord and Tenant upon such a partial taking (or purchase) not resulting in a termination of this Lease (after deduction of any amounts paid to Mortgagees and/or Subtenants under the provisions of this subsection), shall be paid to Tenant for the purpose of paying towards the cost of such repair, restoration and/or replacements of the Building and any other improvements, or, in the event that the parties hereto agree that only a portion of the aggregate award is required to so restore the Leased Premises, then only such portion as agreed upon shall be paid to Tenant for such purpose, and the balance shall be distributed in the same manner as provided in **Section 20.2(c)** above.

(e) Any and all compensation for any temporary taking, covering the Lease Term or a lesser period (after deduction of any amounts paid to any Mortgagee and/or Subtenant) shall be distributed to the Tenant without participation by Landlord. If such temporary taking covers a period expiring after the end of the Lease Term, Tenant shall be entitled to that portion of the compensation covering the period to the end of the Lease Term, and the Landlord shall be entitled to that portion thereof covering a period after the end of the Lease Term.

(f) If any part of any payment out of such award shall be paid to the Landlord (except for a temporary taking and covering a period following the end of the Lease Term), then the Fixed Monthly Rent thereafter payable hereunder shall be reduced by a fraction, the numerator of which shall be the amount so paid to Landlord and the denominator of which shall be an amount equal to Landlord's Share minus the total net proceeds of any award theretofore received by Landlord from any (and all) prior partial takings (or purchases).

(g) Whether or not the Lease is terminated pursuant to **Section 20.1** above, each of the parties agrees at its expense to cooperate in applying for and in prosecuting any claim for compensation inuring to it under this Lease for taking any or all of the Leased Premises by the exercise of the right of Eminent Domain and, if requested by the Tenant, the Landlord covenants and agrees in its name, at Tenant's expense, to resist any and all such takings by legal proceeding.

ARTICLE XXI
UTILITY EASEMENTS

Section 21.1 **Utility Easements**. Tenant shall have the right to enter into reasonable agreements with utility companies and Governmental Authorities creating easements in favor of such companies and Governmental Authorities as are required in order to serve the Leased Premises and/or any buildings or other improvements at any time situated thereon, whether same be permanent or temporary, and Landlord covenants and agrees to consent thereto and to execute any and all easements, documents, agreements and instruments and to take all other acts in order to effectuate the same.

ARTICLE XXII
ASSIGNMENT AND SUBLETTING

Section 22.1 **Assignment by Tenant**. Landlord agrees that Tenant may sell, transfer and assign any and all of its rights under this Lease and may sublease all or any part or parts of the Leased Premises at any time and from time to time, provided Tenant complies with **Section 4.2(f)** and the Minimum Standards applicable to assignment and subleasing. Landlord acknowledges and agrees that the Sublease complies with **Section 4.2(f)** and said Minimum Standards. No assignment or subleasing by Tenant shall relieve Tenant from any of Tenant's obligations under this Lease; provided, however, notwithstanding anything to the contrary provided herein, Tenant shall be released from any obligations hereunder attributable to the periods of time after an absolute assignment of all of its rights and interests under the Lease, and Landlord agrees to look solely to Tenant's successor in interest for the performance of such obligations following such assignment, provided the assignee agrees in writing to assume all of the Tenant's obligations under this Lease attributable to periods of time after such assignment.

Section 22.2 **Rights of Subtenant Following Termination of This Lease**.

(a) In the event this Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of any Sublease, then and in such event the Landlord agrees that the Sublease shall remain in full force and effect in accordance with its terms and provisions as a direct lease between the Landlord, as landlord, and the Subtenant under the Sublease, as tenant, with the same force and effect as if Landlord hereunder had originally entered into such Sublease as landlord thereunder (subject, however, to the prior rights of the holder of any

Mortgage). Landlord further agrees that, following any such expiration, termination, cancellation or rejection of this Lease and the continuation of any such Sublease as a direct lease between Landlord and the Subtenant thereunder, Landlord shall continue to satisfy and perform all of its covenants, obligations, agreements and services under and pursuant to **Sections 5.1(c)** and **5.4** and **Articles VIII, IX** and **XIII** of this Lease, and the Landlord shall continue to have the use and benefit of the Landlord's Reserved Easements under **Section 5.3** of this Lease, all upon and subject to the terms and conditions as more particularly set forth in said Sections and Articles of this Lease, and Landlord agrees that the terms and provisions of said Sections and Articles of this Lease shall be incorporated into such Sublease as additional covenants thereunder. Landlord further agrees that any such Subtenant shall not be named or joined in any action or proceeding by Landlord under this Lease to recover possession of the Leased Premises or for any other relief. Landlord shall, upon request, execute, acknowledge and deliver an attornment agreement in the form attached hereto as Exhibit E and made a part hereof as though set forth in full herein, or in such other form as may be reasonably requested by the Subtenant under any such Sublease, provided that such Subtenant shall agree to attorn to Landlord (subject to the prior rights of the holder of any Mortgage) after termination of this Lease, and shall agree not to prepay Fixed Monthly Rent more than thirty (30) days in advance except and only to the extent as may be required or permitted under the Sublease in the event of a default by the Subtenant or a termination of the Sublease in accordance with the terms and provisions thereof.

(b) Notwithstanding anything to the contrary provided in **Section 22.2(a)** above, in the event this Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of any such Sublease, and the Tenant's Mortgagee exercises its right to require the Landlord to enter into a New Lease (as hereinafter defined) of the Leased Premises pursuant to and in accordance with the terms and provisions of **Section 24.2** hereof, then and in such event said Sublease shall continue in full force and effect as a Sublease between the Mortgagee or its nominee, as sublandlord, and the Subtenant, as subtenant.

Section 22.3 **Assignment to Trustee**. The Landlord may assign its rights under and interest in Sections 25.4, 25.5, 25.6 and 25.7 of this Lease and may pledge and assign the rental payments and receipts and revenues receivable under Section 7.1.1 of this Lease, to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds, but such assignment or pledge shall be subject to this Lease. Notwithstanding any such assignment, Landlord will satisfy and perform all of its obligations and agreements under this Lease and shall not do anything or fail to do anything which would create a mortgage, pledge, security interest, encumbrance, lien or charge of any kind against the Project or any part or parts thereof, other than the Indenture and the Permitted Exceptions.

Section 22.4 **References Ineffective After Bonds Paid**. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions for payment thereof as provided in the Indenture), this Lease shall continue in full force and effect for the remaining Term thereof (including any Option Terms that may be exercised or deemed to have been exercised as provided hereunder) except that all references in this Lease to the Bonds, the Indenture, the Deed of Trust and the Trustee shall be ineffective and neither the Trustee nor the holder of any of the Bonds shall thereafter have any rights hereunder, saving and expecting those that shall have been theretofore vested.

ARTICLE XXIII
ESTOPPEL CERTIFICATES

Section 23.1 **Tenant's Obligation**. Landlord and Tenant each agrees to furnish periodically, when requested by the other party or by the holder or prospective holder of any Mortgage covering the Leased Premises or any interest of Tenant therein, a certificate certifying (i) that this Lease is in full force and effect and unmodified (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications, if any); (ii) that the Term of this Lease has commenced and the full Rental is then accruing

hereunder; (iii) that Tenant has accepted possession of the Leased Premises and that, except as stated in the certificate, any improvements required by the terms of this Lease to be made by Landlord or Tenant have been completed; (iv) that except as stated in the certificate, no Rental under this Lease has been paid more than thirty (30) days in advance of its due date; (v) that the address for notices to the party giving such certificate is as set forth in this Lease (or has been changed by notice duly given and is as set forth in the certificate); (vi) that except as stated in the certificate, to the knowledge of the party giving such certificate, the other party is not then in default under this Lease; and (vii) such other matters as may reasonably be requested by either Landlord or Tenant or the holder or prospective holder of any such Mortgage.

Section 23.2 **Reliance**. Any such certificate may be relied upon by any prospective purchaser, mortgagee or any beneficiary under any Mortgage on the Leased Premiss or any part thereof or interest therein.

ARTICLE XXIV
MORTGAGES

Section 24.1 **Mortgages by Landlord Prohibited**. Landlord hereby covenants and agrees that during the Term of this Lease, Landlord shall not have the right or power to mortgage or otherwise create any security interest or other liens or encumbrances upon or affecting this Lease, the Landlord's fee interest in the Land, or any buildings, improvements, fixtures, equipment or other property thereon, or any part thereof, at any time, and Landlord shall not have the right or power to mortgage or to modify, extend, renew, replace, refinance or otherwise change or affect any Mortgage at any time or from time to time created by Tenant pursuant to this Lease, and Landlord covenants and agrees that all such rights and powers are hereby exclusively and irrevocably vested in and granted to Tenant, subject to the terms and conditions of this Lease. These provisions shall not be construed to prevent or excuse Landlord from executing and delivering any estoppel certificates, subordination, non-disturbance and attornment agreements or other agreements, instruments and documents required or contemplated under this Lease in order to enable Tenant and every successors and assign of Tenant (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent), to execute and effectuate such rights and powers.

Section 24.2 **Tenant Mortgages**. Tenant and every successor and assign of Tenant (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent) is hereby given the right by Landlord, in addition to any and all other rights herein granted, without the necessity of obtaining any consent from Landlord, to execute, acknowledge and deliver Mortgages of the Tenant's and/or Subtenant's rights, title and interest in, to and under this Lease, any Subleases and the Leased Premises, for such amounts and upon and subject to such terms and conditions as Tenant may deem advisable; provided, however, that any such Mortgages granted by Tenant or by any Subtenant shall not encumber the Landlord's fee interest in the Land or any of the Landlord's right, title or interest in or to this Lease. If Tenant and/or Tenant's successors and assigns (including, but not limited to, any Subtenant of Tenant, but only with Tenant's prior written consent) shall Mortgage its leasehold, or any part or parts thereof, and if the holder of any such Mortgage shall send Landlord a written notice specifying the name and address of the Mortgagee, Landlord agrees that so long as any such Mortgage shall remain unsatisfied of record, or until written notice of satisfaction is given by the holder of the Mortgage to Landlord, the following provisions shall apply:

(a) There shall be no cancellation, surrender, or modification of this Lease by joint action of Landlord and Tenant, without the prior written consent of the Mortgagee.

(b) Landlord shall, upon serving Tenant with any notice of default or any notice of Landlord's intention to exercise any termination right or other rights or remedies hereunder, simultaneously serve a copy of such notice upon the holder of such Mortgage. The Mortgagee shall thereupon have a reasonable period, after service of such notice upon it, to remedy or cause to be remedied the defaults complained of, and Landlord shall accept such performance by or at the instigation of such Mortgagee as if the same had been done by Tenant.

(c) Anything herein contained notwithstanding, while any such Mortgage remains unsatisfied of record, or until written notice of satisfaction is given by the Mortgagee to Landlord, if any default, circumstance or condition shall occur which, pursuant to any provision of this Lease, entitles Landlord to terminate this Lease, or regain possession of the Leased Premises, and if before the expiration of thirty (30) days from the date of such Mortgagee's actual receipt of service of notice of termination or of regaining possession of the Leased Premises, such Mortgagee shall have notified Landlord of its desire to nullify such notice and shall have paid to Landlord all rent and other payments herein provided for, and then in default, and shall have complied or shall commence the work of complying with all of the other requirements of this Lease, except as provided in paragraph (g) of this **Section 24.2**, if any are then in default, and shall prosecute the same to completion with reasonable diligence, then and in such event, Landlord shall not be entitled to terminate this Lease or regain possession of the Leased Premises and any notice of termination theretofore given shall be void and of no force or effect.

(d) If the Landlord shall elect to terminate this Lease by reason of any default of Tenant, the Mortgagee shall not only have the right to nullify any notice of termination by curing such default, as aforesaid, but shall also have the right to postpone and extend the specified date for the termination of this Lease or regaining of possession of the Leased Premises, as fixed by Landlord in its notice of termination, for a period of not more than one hundred eighty (180) days, provided that such Mortgagee shall cure or cause to be cured any then existing money default and meanwhile pay the rent, and comply with and perform all of the other terms, conditions and provisions of this Lease on Tenant's part to be complied with and performed, other than past non-monetary defaults and other defaults which can only be cured by one in possession of the Leased Premises which are subject to said Mortgage, and provided further that the Mortgagee shall forthwith take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Mortgage or otherwise and shall prosecute the same to completion with all due diligence. If at the end of said 180-day period the Mortgagee shall be actively engaged in steps to acquire or sell Tenant's interest herein, the time of said Mortgagee to comply with the provisions of this Section shall be extended for such period as shall be reasonably necessary to complete such steps with reasonable diligence and continuity.

(e) Landlord agrees that the name of the Mortgagee may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Tenant hereunder under a standard mortgagee clause acceptable to such Mortgagee.

(f) Landlord agrees that, in the event this Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership, Tenant's failure to exercise an Option Term or for any other reason whatsoever at any time while any Mortgage is outstanding and unpaid, then and in such event Landlord agrees that, at such Mortgagee's request, Landlord shall enter into a new lease (the "New Lease") of the Leased Premises with the Mortgagee or its nominee, for the remainder of the Term (including but not limited to any Option Terms which the Mortgagee or its nominee may then or thereafter elect to exercise), effective as of the date of such termination, for the same Rental and upon and subject to the same terms, provisions, covenants and agreements as herein contained, and subject only to the same conditions of title as this Lease is subject to on the date of the execution hereof, and to the rights, if any, of any Subtenants then in possession of any part of the Leased Premises, provided:

(1) Said Mortgagee or its nominee shall make written request upon Landlord for such New Lease within one hundred eighty (180) days after it receives written notice from Landlord of the date of such termination or regaining of possession;

(2) Said Mortgagee or its nominee shall pay to Landlord at the time of the execution and delivery of said New Lease, any and all sums which would at the time of the execution and delivery thereof, be due pursuant to this Lease, but for such

termination, and in addition thereto, any expenses, including reasonable attorneys' fees, to which Landlord shall have been subjected by reason of such default;

(3) Said Mortgagee or its nominee shall perform and observe all covenants herein contained on Tenant's part to be performed and shall further remedy any other conditions which Tenant under the terminated Lease was obligated to perform under the terms of this Lease;

(4) Such New Lease shall be expressly made subject to the rights, if any, of Tenant under the terminated Lease; and

(5) The tenant under such New Lease shall have the same right, title and interest in and to the buildings and improvements on the Leased Premises as Tenant had under the terminated Lease;

(g) Nothing herein contained shall require any Mortgagee or its nominee to cure any default of Tenant referred to in **Section 25.2** hereof.

(h) Landlord agrees, promptly after submission, to execute, acknowledge and deliver any agreements modifying this Lease requested by any Mortgagee, provided that such modification does not decrease Tenant's obligations or decrease Landlord's rights pursuant to this Lease, to a substantial extent.

(i) The proceeds from any insurance policies or arising from a condemnation are to be held by any Mortgagee and distributed pursuant to the provisions of this Lease, but the Mortgagee may reserve its rights to apply to the Mortgage debt all of such proceeds pursuant to such Mortgage.

(j) The Mortgagee shall be given notice of any litigation or arbitration proceedings by the parties hereto, and shall have the right but not the obligation to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that the Mortgagee shall not elect to intervene or become a party to such proceedings, the Mortgagee shall receive notice of, and copies of, all pleadings and of any and all orders, judgments, awards and decisions made in said litigation or arbitration proceedings.

(k) Landlord shall, upon request, execute, acknowledge and deliver to each Mortgagee, an agreement prepared at the sole cost and expense of Tenant, in such form as may be required by any such Mortgagee or prospective Mortgagee, between Landlord, Tenant and Mortgagee, agreeing to all of the provisions of this **Article XXIV**.

Section 24.3 **Intentionally Deleted**.

ARTICLE XXV
DEFAULT AND REMEDIES

Section 25.1 **Defaults**.

(a) In the event any one or more of the following events shall have occurred and shall not have been remedied as hereinafter provided:

(i) The occurrence of any event set forth in **Section 25.2** hereof, without the curing of same as therein provided;

(ii) Tenant's failure to pay any installment of Fixed Monthly Rent, including the Rental payable under **Section 7.1.1**, when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure; or

(iii) Tenant's failure to perform any of the other covenants, conditions and agreements herein contained on Tenant's part to be kept or performed and the continuance of such failure without the curing of same for a period of sixty (60) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure, and provided Tenant shall not cure said failure as provided in paragraph (b) of this Section;

then Landlord may, at its option, at any time thereafter, but before said default be cured, give to Tenant a written notice of election to terminate the Term of this Lease upon a date specified in such notice, which date shall be not less than thirty (30) business days after the date of receipt by Tenant of such termination notice from Landlord, and upon the date specified in said notice, the Term and estate hereby vested in Tenant shall cease and any and all other right, title and interest of Tenant hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire Term of this Lease had elapsed, and Landlord shall thereafter be entitled to collect rents from Subtenants, subject to the paramount rights of any Mortgagee, but Tenant shall continue to be liable to Landlord as hereinafter provided.

(b) In the event that Landlord gives notice of a default which is due to causes beyond the reasonable control of Tenant, or which default is of such a nature that it cannot reasonably be cured within such sixty (60) day period, then and in either such event such default shall not be deemed to continue so long as Tenant, after receiving such notice, proceeds to attempt to cure the default as soon as reasonably possible, and continues to take all steps necessary to complete the same within a period of time which, under all prevailing circumstances, shall be reasonable. No default shall be deemed to continue if and so long as Tenant shall be so proceeding to cure the same in good faith or be delayed in or prevented from curing the same by any Excused Delay or Force Majeure.

(c) Simultaneously with the sending of the notice of default to Tenant as hereinabove provided for, Landlord shall send a copy of such notice to each of the Subtenants of the Leased Premises or portions thereof designated by Tenant or such Subtenant, and any additional persons or parties having an interest in the Leased Premises that Tenant may select, in writing, from time to time. The curing of any default within the above time limits by any of the aforesaid parties or combination thereof, shall constitute a curing of any default hereunder with like effect as if Tenant had cured same hereunder.

(d) Notwithstanding anything to the contrary contained in this **Article XXV**, in the event that any default of Tenant shall be cured in any manner as herein provided, such default shall be deemed never to have occurred, and Tenant's rights hereunder shall continue unaffected by such default.

(e) Upon any termination of the Term of this Lease pursuant to paragraph (a) of this **Section 25.1**, or at any time thereafter, Landlord may, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, re-enter the Leased Premises and recover possession thereof and dispossess any or all occupants of the Leased Premises (except as provided in **Section 22.2** hereof) in the manner prescribed by the statute relating to summary proceedings or similar statutes; but, Tenant, in such cases, shall remain liable to Landlord as hereinafter provided.

(f) In case of any such re-entry, expiration and/or dispossession by summary proceedings:

(1) the Rental shall become due thereupon and be paid up to the time of such re-entry, expiration and/or dispossession;

(2) Landlord may re-let the Leased Premises or any part or parts thereof not the subject of any Sublease, either in the name of the Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Term of this Lease; and

(3) Tenant or the legal representative of Tenant shall also pay Landlord, as liquidated damages for the failure of Tenant to observe and perform Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of all rents collected on account of any existing Sublease or Subleases of the Leased Premises and/or any other leases or subleases thereafter entered into by Landlord for each month of the period which would otherwise have constituted the balance of the Term of this Lease (without giving effect to any Option Terms that had not commenced prior to the effective date of such termination).

In computing such liquidated damages, there shall be added to the said deficiency such reasonable expenses as Landlord may incur in connection with re-letting, such as brokerage commissions and preparation of the Leased Premises for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rental installment due dates specified in this Lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency of any subsequent month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the Leased Premises as Landlord, in Landlord's sole judgment, considers advisable and necessary for the purpose of re-letting the Leased Premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord agrees to use its best efforts to mitigate all damages and to re-let the Leased Premises in the event of any default specified herein.

Section 25.2 **Bankruptcy and Insolvency**. If, after the commencement of the Term of this Lease:

(a) The Tenant then having the title to the leasehold estate created hereunder shall, while having such title, be adjudicated as bankrupt or adjudged to be insolvent;

(b) A receivership or trustee shall be appointed for the aforesaid Tenant's property and affairs;

(c) The aforesaid Tenant shall make an assignment for the benefit of creditors or shall file a petition in bankruptcy or insolvency or for reorganization or shall make application for the appointment of a receiver; or

(d) Any execution or attachment shall be issued against the aforesaid Tenant or any of the aforesaid Tenant's property, whereby the Leased Premises or any building or improvements of Tenant thereon shall be taken or attempted to be taken by someone other than the Tenant, except as may herein be permitted; and

such adjudication, appointment, assignment, petition, execution or attachment shall not be set aside, vacated, discharged or bonded within one hundred twenty (120) days after the issuance of the same, then a default hereunder shall be deemed to have occurred so that the provisions of **Section 25.1** hereof shall become effective and Landlord shall have the rights and remedies provided for herein. Notwithstanding anything to the contrary hereinabove contained, upon the occurrence of a default pursuant to subdivisions (a), (b) and (c) of this **Section 25.2**, if the rent due and payable hereunder shall continue to be paid and the other

covenants, conditions and agreements of this Lease on Tenant's part be kept and performed shall continue to be kept and performed within the time and in the manner as in this Lease otherwise required, no event of default shall have been deemed to have occurred and the provisions of **Section 25.1** hereof shall not become effective.

Section 25.3 **Attorneys' Fees**. In any action or proceeding by either party against the other under this Lease or relating to the Leased Premises, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs, as well as investigation costs, and other legal expenses incurred by such party in the action or proceeding as the court may find to be reasonable.

Section 25.4 **Remedies**. So long as the Bonds are outstanding and whenever any Event of Default referred to in **Section 25.1** hereof shall have happened and be subsisting, Landlord shall take any one or more of the following remedial steps upon the written direction of the Trustee; provided that written notice of the default has been given to the Tenant by the Landlord by registered mail and the default has not theretofore been cured, and provided further that no remedial steps shall be taken by the Landlord the effect of which would be to entitle the Landlord to funds necessary for the payment of principal and interest on Bonds which have not yet matured unless such principal and interest shall have been declared due and payable in accordance with the Indenture and such declaration shall not have been rescinded:

(a) The Landlord may at the Trustee's option declare all unpaid installments of the rent payable under **Section 7.1.1** hereof that are necessary to redeem the Bonds, together with interest then due thereon, to be immediately due and payable;

(b) The Landlord may re-enter and take possession of the Project without terminating this Lease, and sublease the Project for the account of the Tenant, holding the Tenant liable for the difference in the rent and other amounts payable by the subTenant in such subleasing and the rents and other amounts payable by the Tenant hereunder;

(c) The Landlord may terminate the Lease Term, exclude the Tenant from possession of the Project and use its best efforts to lease the Project to another Party for the account of the Tenant, holding the Tenant liable for all rent and other amounts due under this Lease and not paid by such other party;

(d) The Landlord may take any action at law or in equity to collect the Pledged Sublease Rentals then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Tenant under this Lease.

Any amounts collected pursuant to action taken under this **Section 25.4** shall be applied in accordance with the Indenture. THIS SECTION SHALL ONLY APPLY WHILE THE BONDS ARE OUTSTANDING. UPON THE FULL PAYMENT OF THE BONDS, THIS SECTION SHALL BE INEFFECTIVE.

Section 25.5 **Reinstatement**. Notwithstanding any termination of this Lease in accordance with the provisions of **Section 6.4** hereof, unless the Landlord shall have entered into a firm bilateral agreement providing for the reletting of the Project for a period of at least one year or shall have sold the Project, the Tenant may at any time pay all accrued unpaid rentals, including all rentals due and payable by reason of any declaration of the Trustee pursuant to **Section 9.01** of the Indenture, plus any costs to the Landlord and the Trustee occasioned by the default, including all interest required to be paid in accordance with the provisions of **Section 7.1.1** hereof, and fully cure all defaults then capable of being cured. Upon such payment and cure, this Lease shall be fully reinstated as if it had never been terminated, and the Tenant shall be restored to the use, occupancy and possession of the Project. THIS SECTION SHALL ONLY APPLY WHILE THE BONDS ARE OUTSTANDING. UPON THE FULL PAYMENT OF THE BONDS, THIS SECTION SHALL BE INEFFECTIVE.

Section 25.6 **No Remedy Exclusive**. No remedy conferred upon or reserved to the Landlord by this Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or nor or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Landlord to exercise any remedy reserved to it in this **Article VIII**, it shall not be necessary to give any notice, other than such notice as maybe herein expressly required. THIS SECTION SHALL ONLY APPLY WHILE THE BONDS ARE OUTSTANDING. UPON THE FULL PAYMENT OF THE BONDS, THIS SECTION SHALL BE INEFFECTIVE.

Section 25.7 **Waiver of Breach**. In the event any agreement contained in this Lease shall be breached and such breach shall thereafter be waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Landlord's rights in and under this Lease to the Trustee, the Landlord shall have no power to waive any default hereunder by the Tenant without the consent of the Trustee to such waiver. Notwithstanding the foregoing, if, after the maturity of the Outstanding Bonds shall have been accelerated by the Trustee upon occurrence of an Event of Default under the Indenture, all arrears of interest on the Outstanding Bonds and interest on overdue installments of interest (to the extent permitted by law) at a rate per annum which is equal to the highest rate per annum borne by any of the Outstanding Bonds and the principal and premium (if any) on all Bonds then Outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the Indenture, except the principal of and the interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default, there shall have been paid the reasonable fees and expenses of the Trustee and the Landlord and of the holders of such Bonds, including reasonable attorneys' fees (including attorneys' fees for appeals) paid or incurred and such Event of Default shall be waived by the Trustee and the Landlord with the consequence under **Section 10.01** of the Indenture that such acceleration is rescinded, then the Tenant's default hereunder shall be waive without further action by the Trustee or the Landlord. THIS SECTION SHALL ONLY APPLY WHILE THE BONDS ARE OUTSTANDING. UPON THE FULL PAYMENT OF THE BONDS, THIS SECTION SHALL BE INEFFECTIVE.

Section 25.8 **Rights of Subtenant**. The rights and remedies of the Landlord and Trustee under this **Article XXV** are subject to the terms and provisions of **Section 22.2** of this Lease.

ARTICLE XXVI
FIRST REFUSAL OPTIONS

Section 26.1 **Right of First Refusal**.

(a) Landlord covenants and agrees that it will not sell or otherwise dispose of the Leased Premises or any part thereof or interest therein during the Term of this Lease, unless Landlord shall have first received a separate, acceptable and bona fide offer in writing, for the purchase of the same and shall have notified Tenant in writing of the names and addresses of the party or parties making such offer and the price, terms and conditions thereof; and, Landlord agrees that Tenant shall thereupon have the prior right to purchase the Leased Premises, or such part thereof or interest therein, whichever is applicable, at the same price and upon the same terms and conditions as are contained in said offer, except that in any event, at time of closing, the Tenant may, at its option, pay the purchase price thereof in full at the time of the closing. Said right to purchase may be exercised at any time within thirty (30) days after such notice to Tenant in accordance with the notice provisions of this Lease. Tenant's aforementioned right may be exercised before 9:00 PM (local time at the Premises) on the date said right shall expire, by written notice to Landlord in accordance with the notice provisions of this Lease.

(b) Upon the exercise of the right to purchase, Tenant shall have a period of ninety (90) days thereafter before being obligated to make payment or accept title to the Leased Premises, or the part thereof or interest therein being so acquired; unless, by the terms and conditions of said offer, a period of more than ninety (90) days is specified for the closing, in which event Tenant shall have such longer period. Any sums owing by Landlord to Tenant at the time of closing, by virtue of any provision in this Lease, shall be deducted from the purchase price. Any sums owing by Tenant to Landlord at the time of closing, by virtue of any other provision of this Lease, shall also be paid by Tenant to Landlord at the time of closing.

(c) If Tenant fails to exercise its said right to purchase and for any reason Landlord shall not, within ninety (90) days thereafter, or within such longer period as may be permitted by the offer, convey the Leased Premises to the party or parties making said offer, at the price and upon the same terms and conditions contained in the offer and notice, the foregoing conditioned prohibition against the Landlord's sale or other disposition of the Leased Premises, or of any part thereof or interest therein, shall continue in full force and effect, and Landlord shall again follow the above procedure for notice, and Tenant's said prior right of purchase shall again apply with respect to said offer and to any new offer for the Leased Premises, or for any part thereof or interest therein, all as more particularly provided above.

(d) If the Landlord rightfully conveys the entire Leased Premises after complying with the provisions of this Section and the Person acquiring the same assumes in writing Landlord's obligations under this Lease and an executed copy of such conveyance and assumption be delivered to the Tenant, then upon such conveyance, assumption and delivery as aforesaid, Landlord shall be relieved of all of its liability thereafter arising under this Lease; provided, however, if the purchaser of the Leased Premises does not also purchase or acquire title to the entire Airport, the Landlord shall remain liable for and shall continue to satisfy and perform all of its obligations and agreements under **Sections 5.1(c)** and **5.4** and **Articles VIII, IX** and **XIII** of this Lease.

ARTICLE XXVII
NOTICES

Section 27.1 **Method of Giving Notice**. Any notices respecting provisions of this Lease (other than requests by either party for approvals or instructions from the other party and any such approvals or instructions given by either party to the other as hereinafter provided) shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to Landlord:

City of Picayune
Attention: City Manager
203 Goodyear Boulevard
Picayune, MS 39466

If to Tenant:

Magnolia Air I, LLC
606 Clay Street
Montgomery, AL 36104
Attention: Raymond L. Roton and Joseph F. Bear, III

All notices shall be considered to have been given on the earlier of receipt or three business days after the date of mailing or one business day after the date of delivery to an overnight courier as provided herein.

Section 27.2 **Change of Address**. Either party may change its address for purposes of notice under this Article XXIV to any address within the continental United States of America upon thirty (30) days' advance written notice to the other party.

Section 27.3 **Requests for Approvals**. Notwithstanding the notice requirements as set forth in this Article, Landlord and Tenant acknowledge and agree that for purposes of giving and receiving consents and approvals relating to various construction and operating matters pertaining to this Lease or the Leased Premises, each party shall have the right to send by ordinary mail or overnight carrier or to telecopy to the other party any request for such approval or instructions, and the other party shall have the right to send by ordinary mail or overnight carrier or to telecopy its written approval, disapproval or instructions, and each party shall be entitled to rely upon any and all such approvals, disapprovals or instructions from the other party which are given by mail, overnight carrier or telecopy. Notwithstanding the foregoing, any notices of default or of termination of this Lease shall not be effective unless given in accordance with **Section 24.1** hereof. As of the date of this Agreement, the telecopy numbers for Landlord and Tenant are as follows:

Landlord: (601) 798-0564
Tenant: (334) 262-3310

ARTICLE XXVIII
MISCELLANEOUS

Section 28.1 **No Broker**. Each party represents to the other that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Lease, and each party shall indemnify and hold the other party harmless from any costs, expenses, or liability for commissions or other compensation or charges claimed by any broker or agent employed or utilized by the indemnifying party in connection with this Lease. The provisions of this Section shall survive the expiration or termination of this Lease.

Section 28.2 **Certain Definitions**. As used herein, the terms "business day" and "business days" means Monday through Friday (except for holidays); and the term "holidays" means and includes New Year's Eve, New Year's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and the day after, Christmas Eve and Christmas Day, and any other holidays now or hereafter recognized by state banks in the State of Mississippi.

Section 28.3 **Independent Covenants**. Every agreement contained in this Lease is, and shall be construed as, a separate and independent agreement. If any term of this Lease or the application thereof to any person or circumstances shall be invalid and unenforceable, the remainder of this Lease, or the application of the term to other persons or circumstances, shall not be affected.

Section 28.4 **No Merger**. There shall be no merger of this Lease or of the leasehold estate hereby created with the ground leasehold or fee estate in the Leased Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or the leasehold estate hereby created or any interest in this Lease or in the leasehold estate as well as the Prime Lease or the leasehold estate created thereby or any interest in the Prime Lease or in the leasehold estate created thereby and/or the fee estate in the Leased Premises or any interest in such fee estate. In the event of a voluntary or other surrender of this Lease, or a mutual consideration hereof, Landlord may, at its option, terminate all Leases, or treat such surrender or cancellation as an assignment of any of the Leases.

Section 28.5 **No Personal Liability**. Landlord agrees to look solely to Tenant's leasehold interest in the Land, Tenant's interest in the Building and any other improvements thereon, Tenant's interests in this Lease and any Subleases, and Tenant's interests in any insurance proceeds or condemnation awards, subject in all cases to the rights of the holder of any existing or future Mortgage, for the recovery of any judgment against Tenant, it being agreed that Tenant (and its members, managers, partners, officers, directors, and shareholders) shall never be personally liable for any such judgment. In addition, Landlord also agrees that Landlord shall not be entitled to recover from Tenant nor any of its agents, employees, officers, directors,

members, managers, partners, servants, or shareholders any indirect, special, or consequential damages Landlord may incur as a result of any default under this Lease or other action by Tenant, its agents, employees, officers, partners, servants or shareholders.

Section 28.6 **Force Majeure**. Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, said party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, weather, fire, flood, any other casualties or acts of God, shortages of labor or materials, war, governmental laws, regulations, or restrictions or any other cause of any kind whatsoever that is beyond the reasonable control of said party ("Force Majeure").

Section 28.7 **Rules of Construction**. The captions of the articles, sections, and subsections of this Lease are for convenience only and shall not enlarge or limit the scope or meaning of any of the terms or provisions hereof. Words of any gender used in this Lease shall be deemed to include any other gender, and words in *the singular number shall be held to include the plural, and vice versa, unless the context otherwise requires.* No consideration shall be given to the fact or presumption that one party had a greater or lesser hand in the drafting of this Lease.

Section 28.8 **Joint and Several Liability**. If there be more than one Tenant at any time during the Term, the obligations hereunder imposed upon Tenant shall be joint and several, and all agreements and covenants herein contained shall be binding upon the respective heirs, personal representatives, successors and, to the extent permitted, assigns of the parties hereto. If there is a guarantor of Tenant's obligations hereunder, Tenant's obligations shall be joint and several obligations of Tenant and the guarantor, and Landlord need not first proceed against Tenant hereunder before proceeding against any guarantor, nor shall any guarantor be released from its guarantee for any reason, including, without limitation, any amendment of this Lease, any forbearance by Landlord or waiver of any of Landlord's rights, the failure to give Tenant or any guarantor any notices, or the release of any party liable for the payment of Tenant's obligations hereunder.

Section 28.9 **No Oral Promises or Representations**. Neither Landlord nor Landlord's agents or brokers, if any, have made any representations or promises with respect to the Leased Premises or the Building or other improvements except as herein expressly set forth, and all reliance with respect to any representations or promises is based solely on those contained herein. No rights, easements, or licenses are acquired by Tenant under this Lease by implication or otherwise except as expressly set forth in this Lease.

Section 28.10 **Entire Agreement**. This Lease sets forth the entire agreement between the parties and cancels all prior negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant regarding the subject matter of this Lease. Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest and premium, if any, thereon), in accordance with the provisions of the Indenture, and payment or provision for the payment of other obligations incurred by the Tenant to pay the Cost of the Project including interest, premiums and other charges, if any, thereon, and payment or provision for payment of Administration Expenses, this Lease may not be amended, changed, modified, altered ro terminated so as to materially adversely affect the interests of the holders of the Bonds without the prior written consent of the Bondholder; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this **Section 28.10**; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the holders of which is required for nay such amendment, change, modification, alteration or termination or decrease the amount of any payment required to be made under this Lease or extend the time of payment thereof. This Lease may be amended, changed, modified and altered without the consent of the holders of Bonds to provide necessary changes in connection with the issuance of Additional Bonds (provided that the consent of the holders of Bonds shall have consented to any issuance of Additional Bonds other than Refunding Bonds as provided in **Section 3.03** of the Indenture)

or to provide other changes which will not materially adversely affect the interest of such holders. No amendment, change, modification, alteration or termination of this Lease shall be made other than pursuant to a written instrument signed by the Landlord and the Tenant.

Section 28.11 **No Offer**. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any rights with respect thereto unless Landlord executes a copy of this Lease and delivers the same to Tenant.

Section 28.12 **Waivers**. Failure of Landlord or Tenant to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver or a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord or any partial payment shall constitute an accord or satisfaction, but shall only be deemed a part payment on account.

Section 28.13 **Governing Law**. This Lease shall be governed by and construed under the laws of the State of Mississippi, including but not limited to Mississippi's statutes of limitation. Any action brought to enforce or interpret this Lease shall be brought in the court of appropriate jurisdiction in Pearl River County, Mississippi.

Section 28.14 **Waiver of Jury Trial**. To the fullest extent permitted by law, the parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises or any claim of injury or damage, whether sounding in contract, tort or any other legal or equitable theory whatsoever.

Section 28.15 **No Third Party Beneficiary**. Nothing contained in this Lease shall be construed so as to confer upon any other party the rights of a third party beneficiary, except (a) rights contained herein for the benefit of a Mortgagee and (b) any indemnity or release provisions contained herein for the express benefit of the Landlord Parties and/or Tenant Parties or their respective officers, directors, shareholders, partners, members, managers, agents, servants or employees.

Section 28.16 **Inspections and Access by Landlord**. Tenant will permit Landlord, its agents, employees and contractors to enter all parts of the Leased Premises during Tenant's business hours to inspect the same and to enforce or carry out any provision of this Lease including, without limitation, any access necessary for the making of any repairs which are Landlord's obligation hereunder; provided that, in an emergency situation, such access shall be at anytime upon Landlord's oral request.

Section 28.17 **Effective Date**. The "Effective Date" of this Lease shall be the later of the following: (a) the date this Lease has been fully executed and delivered by the last party to sign this Lease or (b) the date on which the Economic Development Administration delivers to Landlord its determination of funding for Landlord's grant proposal. Either party may insert the Effective Date of this Lease in the space provided therefor on the first page hereof.

Section 28.18 **Disposition of Funds After Payment of Bonds**. Any amounts remaining in any of the funds established under the Indenture after payment in full of the Bonds (including interest and premium, if any, thereon), and payments of Administrative Expenses to the Trustee and paying agent, shall belong to and be paid to the Tenant by the Trustee as overpayment of rents.

Section 28.19 **Lease to Bind and Inure to Benefit of the Tenant, Landlord and Holders of Bonds**. This Lease shall inure to the benefit of the Landlord, the Tenant and the holders from time to time of the Bonds, and shall be binding upon the Landlord, the Tenant and their respective successors and assigns.

Section 28.20 Counterparts. This Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

[SIGNATURES ON NEXT PAGE]

EXECUTED as of the date first written above.

(MUNICIPAL SEAL)

ATTEST:

_____

Name: Sabrina Diamond
Title: Clerk

LANDLORD:

CITY OF PICAYUNE, a municipal corporation organized and existing under the laws of the State of Mississippi

By:_____
Name:_____
Title: Maypr

TENANT:

MAGNOLIA AIR I, LLC,
a Mississippi limited liability company

By:_____
Name: Joseph F. Bear, III
Title: Member

STATE OF MISSISSIPPI
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named _____, who acknowledged to me that he is the Mayor of the City of Picayune, Mississippi, a municipal corporation organized and existing under the laws of the State of Mississippi, and that for and on behalf of the said municipal corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said municipal corporation so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

STATE OF _____
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named Joseph F. Bear, III, who acknowledged to me that he is a member of Magnolia Air, LLC, a Mississippi member-managed limited liability company, and that for and on behalf of the said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

RECESSED MEETING DATED OCTOBER 16, 2001

EXHIBIT "A"

A. LEGAL DESCRIPTION OF THE LAND (Section 5.1(a) of Lease):

A partition from a tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said partition being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary 720.00 feet; thence run along the boundary of the parent tract through the following courses: run North for 810.00 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence along the forty line S00°03'13"W for 120.60 feet; thence run East 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 270.04 feet to the Point of Beginning. Thence run S89°54' 30"E for 460.00 feet; thence run S00°02'20"W 660.40 feet; thence run N89°54'30"W 460.00 feet; thence run N00°02'20"E for 660.40 feet back to the Point of Beginning. Said parcel contains 6.97 acres, more or less, and is located in the SE ¼ of the NW ¼ and in the NE ¼ of the SW ¼ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, bearings herein are based on a Solar Observation.

B. LEGAL DESCRIPTION OF EASEMENT FOR RUNWAY ROAD (Section 5.1(c)(i) of Lease):

Easement No. 2 for ingress and egress along Runway Road attached to the aforementioned lease parcel, also being an easement from the parent tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said easement being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet to the Point of Beginning of the following described easement: thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence run along the forty line S00°03'13"W for 120.60 feet; thence run East for 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 2875.96 feet back to the Point of Beginning. Said easement contains 12.10 acres, more or less, and is located in the North ½ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

INITIAL
WS
GFD

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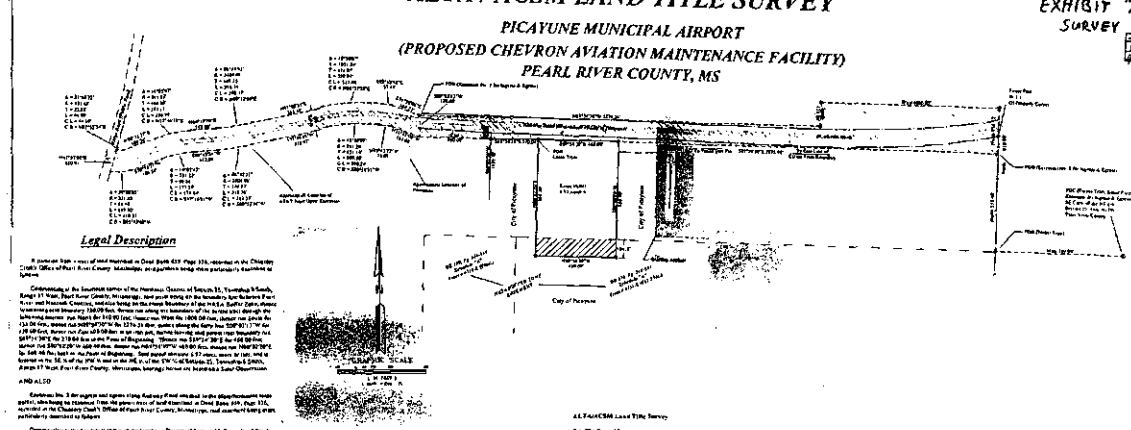
RECESSED MEETING DATED OCTOBER 16, 2001

ALTA / ACSM LAND TITLE SURVEY

PICAYUNE MUNICIPAL AIRPORT
(PROPOSED CHEVRON AVIATION MAINTENANCE FACILITY)
PEARL RIVER COUNTY, MS

EXHIBIT "A"
SURVEY



Legal Description

[illegible]

AND ALSO

[illegible]

AND ALSO

[illegible]

GENERAL NOTES:
1) Date of Field Survey: Sept. 7, 2000
2) All bearings are that used on the Mississippi State Grid System
3) Area of Lease Premises: = 4.37 Acres, more or less
4) Area of Ingress & Egress Easement No. 1 along Runway Road = 1.33 Acres, more or less
5) ALL Utility Locations Published Using Reference Marked Supplied by Gerald Crawford, P.A., Attorney at Law, P.O. Box 1904, Picayune, MS 39466
6) Elevations for Existing Utility Along Runway Rd. were not been identified by Attorney Crawford.
7) Wetland Delineation was not Conducted for this Project
8) The building was never found on the property
9) Lessee has Tree Work in Progress Tree Lease Trees Possibly Scheduled within the Parcel's Tract and therefore Tenant Restrictions are not Applicable.
10) Flood Zone: This parcel is classified Flood Zone "X". Reference was made to the Intuitive Flood Insurance Rate Map, Flood Insurance Rate Map, July 16, 1982 (NCEDS) B. Revised August 3, 1992.

REFERENCE MATERIALS:
DB 449, Pg 336-337 (Parcel Deed)
DB 76, Pg. 17 (Mississippi Power Company Easement) - Easement Appears not to affect the Lease Parcel
[illegible]
DB 170, Pg. 501 (General Aeronautics and Space Administration, Mississippi Test Facility Parcel Deed Exception)

Survey By Frank H. Dungan, MS#1911
Survey By Dungan Engineering, SOP#1000

ALTA/ACSM Land Title Survey

To: The City of Picayune

This is to certify that on September 9, 2000

(a) the survey was made on the ground or per the field notes shown on this survey and correctly shows (i) the boundaries and area of the subject property and the size, location, and type of buildings and improvements thereon (if any) and the distance therefrom to the nearest lot line or street property lines of the subject property; (ii) the location of all visible easements, rights-of-way, encroachments, and any other matters of interest of which I have knowledge or have been advised, whether or not recorded affecting the subject property; (iii) the location of parking areas on the subject property showing the number of parking spaces provided thereby; (iv) all abutting dedicated public streets providing access to the subject property together with the width and name thereof; and (v) all other significant items on the subject property.

(b) except as shown on the survey, there are no (i) encroachments upon the subject property by improvements on adjacent properties, (ii) encroachments on easements or on adjacent property by buildings or structures or improvements on the subject property, (iii) party walls, or (iv) conflicts or protrusions.

(c) all utility services and rights-of-way for the subject property as provided by one of an eligible and service-capable area Runway Road, is served and/or has been approved by the City of Picayune, MS.

(d) part of the parcel is situated in Flood Zone "X". Reference was made to the Intuitive Flood Insurance Rate Map, Flood Insurance Rate Map, July 16, 1982 (NCEDS) B. Revised August 3, 1992, 1988

(e) the survey is made in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA, ACSM, and NSPS in 1992, meets the accuracy requirements of an Suburban Survey, and includes Items 1, 2, 3, 4, and 10 of Table A thereof.

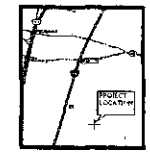
Date: 9/9/00

Signature: [illegible]
Registered Professional Engineer, PLS

Registration No. 10710

Legend

[illegible]



DUNGAN ENGINEERING, P.A.
Consulting Engineers

ALTA SURVEY FOR THE CITY OF PICAYUNE
PICAYUNE MUNICIPAL AIRPORT
PROPOSED CHEVRON AVIATION MAINTENANCE FACILITY
PEARL RIVER COUNTY, MS

Easement No. 1 for ingress and egress along Runway Road described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet; thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet to the Point of Beginning; thence run along the forty line S00°03'13"W for 120.60 feet; thence run N71°35'06"W for 167.68 feet; thence run N83°43'22"W for 71.08 feet; thence run around a curve to the left having a delta of 18°50'07", a radius of 911.24 feet, an arc length of 299.56 feet, a chord bearing of S86°51'35"W and a chord distance of 298.21 feet; thence run S77°26'31"W for 316.47 feet; thence run around a curve to the right having a delta of 06°52'53", a radius of 2604.06 feet, an arc length of 312.76 feet, a chord bearing of S80°52'58"W and a chord distance of 312.57 feet; thence run S84°19'24"W for 142.06 feet; thence run around a curve to the left having a delta of 14°05'47", a radius of 721.82 feet, an arc length of 177.59 feet, a chord bearing of S77°16'31"W and a chord distance of 177.14 feet; thence run S70°13'37"W for 188.34 feet; thence run around a curve to the right having a delta of 30°58'05", a radius of 221.65 feet, an arc length of 119.80 feet, a chord bearing of S85°42'40"W and a chord distance of 118.35 feet to the Right-Of-Way of Ridge Road (a Public Road); thence run along said Right-Of-Way N15°57'02"E for 120.91 feet; thence turn right and run along a non-tangential curve to the left having a delta of 25°18'32", a radius of 101.65 feet, an arc length of 44.90 feet, a chord bearing of N82°52'54"E and a chord distance of 44.54 feet; thence run N70°13'37"E for 188.34 feet; thence run around a curve to the right having a delta of 14°05'47", a radius of 841.82 feet, an arc length of 207.11 feet, a chord bearing of N77°16'31"E and a chord distance of 206.59 feet; thence run N84°19'24"E for 142.06 feet; thence run around a curve to the left having a delta of 06°52'53", a radius of 2484.06 feet, an arc length of 298.34 feet, a chord bearing of N80°52'58"E and a chord distance of 298.17 feet; thence run N77°26'31"E for 316.47 feet; thence run around a curve to the right having a delta of 18°50'07", a radius of 1031.24 feet, an arc length of 339.01 feet, a chord bearing of N86°51'35"E and a chord distance of 337.48 feet; thence run S83°43'22"E for 57.49 feet; thence run S71°35'06"E for 168.21 feet back to the point of beginning. Said Easement contains 4.88 acres, more or less, and is located in the North ½ of Section 25 and in the SE1/4 of the NE ¼ of Section 26, Township 6 South, Range 17 West, Pearl River County, Mississippi.

INITIAL
WS.
QEB

EXHIBIT "B"

SITE PLAN

NOTE: The following items should be shown on the Site Plan and identified as indicated below:

1. Land
2. Airport
3. Building and other improvements to be constructed on the Land
4. Washing Facility
5. Landlord's Adjoining Parcel

Exhibit "B"
SITE PLAN

BOUNDARY SURVEY FOR THE CITY OF PICAYUNE

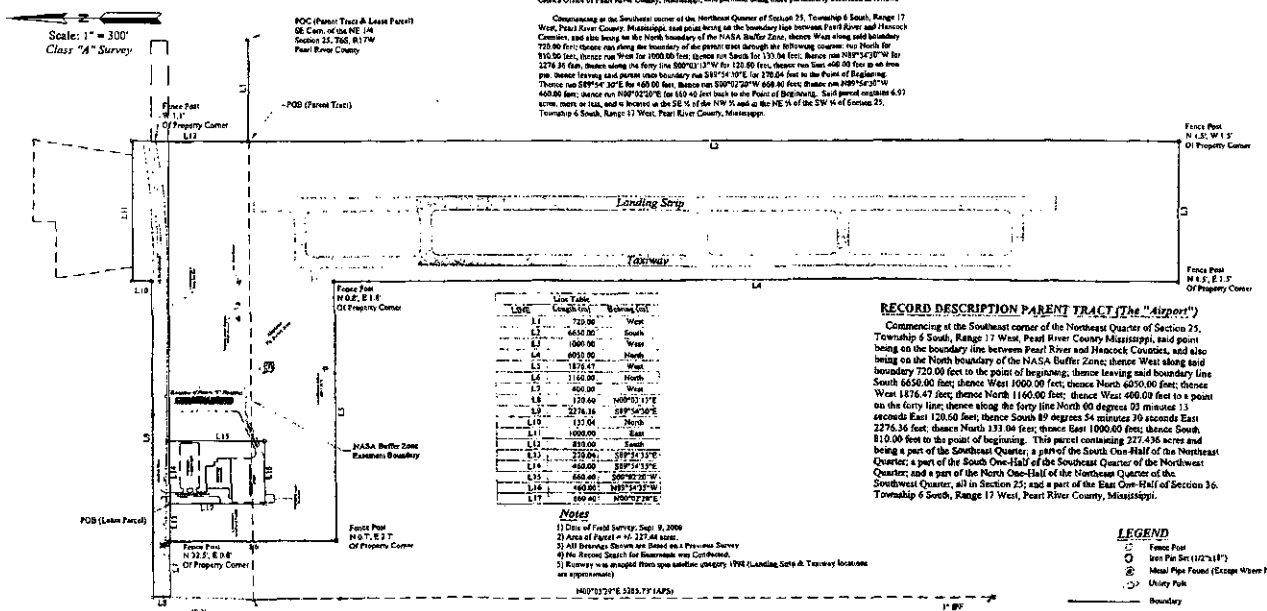
PICAYUNE MUNICIPAL AIRPORT & CHEVRON AVIATION MAINTENANCE FACILITY LEASE

PICAYUNE, MS

Lease Parcel Description (The "Land")

A portion from a tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said portions being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone, thence West along said boundary 720.00 feet; thence run along the boundary of the parcel tract through the following courses: run North for 810.00 feet, thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet, thence along the forty line S00°03'13"W for 120.60 feet, thence run East 400.00 feet to an iron pin. thence leaving said parcel tract boundary run S89°54'30"E for 278.04 feet to the Point of Beginning. Thence run S89°54'30"E for 400.00 feet, thence run S00°02'20"W 668.80 feet; thence run N89°54'30"W 400.00 feet; thence run N00°02'20"E for 660.40 feet back to the Point of Beginning. Said parcel contains 6.91 acres, more or less, and is located in the SE ¼ of the NW ¼ and in the NE ¼ of the SW ¼ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.



Line Table		
Line	Length (ft.)	Bearing (dd)
L1	720.00	West
L2	6650.00	South
L3	1000.00	West
L4	6050.00	North
L5	1876.47	West
L6	1160.00	North
L7	400.00	West
L8	120.60	N00°03'13"E
L9	2276.36	S89°54'30"E
L10	133.04	North
L11	1000.00	East
L12	810.00	South
L13	120.60	S00°03'13"E
L14	400.00	S89°54'30"E
L15	660.40	S00°02'20"W
L16	400.00	N89°54'30"W
L17	660.40	N00°02'20"E

Notes

1) Date of Field Survey: Sept. 9, 2000
2) Area of Parcel = +/- 227.44 acres.
3) All Bearings Shown are Based on a Previous Survey
4) No Record Search for Easements was Conducted.
5) Runways was mapped from spot satellite imagery (1998) (Landing Strip & Taxiway locations are approximate)

Reference Material

DB. 659, Pg. 336
Survey By Frank H. Dunaway, 3/18/1993

RECORD DESCRIPTION PARENT TRACT (The "Airport")

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary 720.00 feet to the point of beginning; thence leaving said boundary line South 6650.00 feet; thence West 1000.00 feet; thence North 6050.00 feet; thence West 1876.47 feet; thence North 1160.00 feet; thence West 400.00 feet to a point on the forty line; thence along the forty line North 00 degrees 03 minutes 13 seconds East 120.60 feet; thence South 89 degrees 54 minutes 30 seconds East 2276.36 feet; thence North 133.04 feet; thence East 1000.00 feet; thence South 810.00 feet to the point of beginning. This parcel containing 227.436 acres and being a part of the Southeast Quarter; a part of the South One-Half of the Northeast Quarter; a part of the South One-Half of the Southeast Quarter of the Northwest Quarter; and a part of the North One-Half of the Northeast Quarter of the Southwest Quarter, all in Section 25; and a part of the East One-Half of Section 36, Township 6 South, Range 17 West, Pearl River County, Mississippi.

LEGEND

- Fence Post
- Iron Pin Set (1/2"x18")
- Metal Pipe Found (Except Where Noted)
- Utility Pole
- Boundary
- GLO Line
- Net Wire (Hog) Fence
- Buried Electric and Telephone
- Overhead Electric
- Gravel

DUNGA
Engineering,
Consulting Engi

BOUNDARY SURVEY FOR THE CITY OF PICAYUNE
PICAYUNE MUNICIPAL AIRPORT & CHEVRON AVIATION MAINTENANCE FACILITY LEASE
PICAYUNE, MS

RECESSED MEETING DATED OCTOBER 16, 2001

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EXHIBIT "C"

PHASE I SITE WORK

Phase I Site Work: Site Work Improvements, Allen and Hoshall.

Site Work for Chevron Facility:

a. Clearing and grubbing site at locations of all improvements.

b. Bid fill material for Chevron building pad.

c. Stockpile topsoil for entire site.

d. Erosion control measures (BMP).

e. Unclassified excavation.

f. Select fill material for access road, building, aircraft apron, and parking lot.

g. Drainage including - drains, inlets and detention device.

h. Limestone/clay gravel base for improvements listed in Item "f." exclusive of the building.

i. Grassing/Seeding.

j. Concrete Aircraft Apron.

k. Asphalt Parking Lot not including asphalt surface, which will be done by Tenant's contractor.

EXHIBIT "D"

PHASE II SITE WORK

Phase II Site Work: Infrastructure Improvements, Dungan Engineering P.A.

Off-Site and On-Site Infrastructure Improvements.

a. Water main extension to existing City main.

b. Pumped sewer main extension to existing pump station at Wal-Mart.

c. Gravity sewer mains at the Airport Facility to serve Chevron.

d. Water mains at the Airport Facility to serve Chevron and the Public Wash Facility.

e. Gas main to existing City main.

f. Electrical for parking lot lighting and wash facility.

g. Storage tank and pump with enclosed building for Chevron's fire suppression system.

h. NPDES Permits required for the entire project.

i. Public Wash Facility. (Oil water separator to be tied to Chevron.)

EXHIBIT "E"

ATTORNMENT AGREEMENT

STATE OF MISSISSIPPI
PEARL RIVER COUNTY

THIS ATTORNMENT AGREEMENT is made this _____ day of _____, 2001, by and between the CITY OF PICAYUNE, MISSISSIPPI, a municipal corporation organized and existing under the laws of the State of Mississippi (the "City"); _____, a(n) _____ (the "Tenant"); and _____, a(n) _____ (the "Subtenant").

RECITALS:

A. By Lease (the "Prime Lease") dated _____, 2001, and recorded in the Office of _____ in _____ Book _____ at page _____, the City heretofore leased unto Tenant certain real property situated in Pearl River County, Mississippi, as more particularly described in the Prime Lease and in Exhibit A attached hereto and made a part hereof as though set forth in full herein (the "Premises"), for the term and upon and subject to the terms and conditions set forth in said Prime Lease.

B. The City is the owner in fee simple of the Premises leased under the terms of the Prime Lease, together with the landlord's interest in and to the Prime Lease, and has full power and authority to execute and deliver this Agreement.

C. By sublease agreement (the "Sublease") dated as of _____, 2001, Tenant, as sublandlord, has leased and demised to Subtenant, as subtenant, the Premises together with the buildings and improvements to be constructed thereon, for the term and upon and subject to the terms and conditions as more particularly set forth in the Sublease.

D. A copy of the Sublease has been exhibited to the City and the City has agreed to consent to the Sublease and to approve the terms, covenants and conditions thereof, and the City and Subtenant are willing to agree that the Sublease (subject to the provisions of Sections 5 and 6 hereof) shall remain in full force and effect in the event of the termination of the Prime Lease.

NOW, THEREFORE, in consideration of the premises, the parties hereto mutually covenant and agree as follows:

1. The City consents to the execution and delivery of Sublease by and between Tenant, as sublandlord, and Subtenant, as subtenant.

2. The City agrees that no act which either Tenant or Subtenant (or both) is or may be required or permitted to do under the terms of the Sublease shall constitute a default under the Prime Lease.

3. Tenant and Subtenant each agrees with the City that it will perform and comply with all of the terms, covenants and conditions of the Sublease which are now or hereafter binding upon it, respectively, and Subtenant agrees that it will not prepay, and Tenant agrees that it will not accept, any payments of base or minimum rent more than thirty (30) days in advance (except and only to the extent as may be required or permitted under the Sublease in the event of a default by Subtenant or a termination of the Sublease in accordance with the terms and provisions thereof).

4. In the event that the Prime Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City and Subtenant agree that the Sublease shall remain in full force and effect in accordance with its terms and provisions as a direct lease between the City, as landlord, and Subtenant, as tenant, with the same force and effect as if the

City had originally entered into such Sublease as Landlord thereunder (subject, however, to the prior rights of the holder of any "Mortgage," as said term is defined in the Prime Lease), and thereafter this Agreement shall be of no further force and effect (except that the provisions of Section 5 of this Agreement shall be and remain in full force and effect and the Sublease shall be deemed to have been amended as provided in Section 5 hereof). The City further agrees that the Subtenant shall not be joined in any action or proceeding by the City to recover possession of the Premises or for other relief.

5. Notwithstanding anything to the contrary provided herein or in the Sublease, in the event the Prime Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City covenants and agrees with Subtenant that the City shall continue to satisfy and perform all of its covenants, obligations, agreements and services under and pursuant to Sections 5.1(c) and 5.4 and Articles VIII, IX and XIII of the Prime Lease, and the City shall continue to have the use and benefit of the "Landlord's Reserved Easements" under Section 5.3 of the Prime Lease, all upon and subject to the terms and conditions as more particularly set forth in said Sections and Articles of the Prime Lease, and the City and Subtenant agree that the terms and provisions of said Sections and Articles of the Prime Lease shall be incorporated into the Sublease as additional covenants thereunder. The terms and provisions of this Section 5 shall survive the expiration, cancellation or other termination of the Prime Lease and of this Agreement and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Any notices respecting provisions of this Agreement or of the Prime Lease or Sublease (other than requests by a party for approvals or instructions from any other party, and any such approvals or instructions given by a party to the other, under and pursuant to Section 24.3 of the Sublease) shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to the City:

_____
_____
_____
_____

If to Tenant:

_____
_____
_____
Attention: _____

If to Subtenant:

_____
_____
_____
Attention: _____

All notices shall be considered to have been given on the earlier of receipt or three business days after the date of mailing or one business day after the date of delivery to an overnight courier as provided herein. Any

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PICAYUNE MUNICIPAL AIRPORT

MINIMUM STANDARDS

Adopted October 3, 2000

RECESSED MEETING DATED OCTOBER 16, 2001

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SECTION I.

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A. INTRODUCTION

In order to encourage and ensure the provision of adequate services and facilities, the economic health of, and the orderly development of aviation and consistency of buildings and operations and related Aeronautical Activities at Picayune Municipal Airport ("Airport") in Picayune, Mississippi, a public body organized under the laws of the State of Mississippi as the owner, proprietor, operators and sponsor of the Airport, has established these Minimum Standards and Requirements ("Minimum Standards").

Accordingly, the following sections set forth the Minimum Standards applicable to any Entity operating upon and engaging in one (1) or an aggregate of Aeronautical Activities at the Airport. These Minimum Standards are not intended to be all-inclusive. Any Entity engaging in aviation operations and/or Aeronautical Activities at the Airport will be required to comply with all applicable federal, state, and local laws, codes, ordinances, and other similar regulatory measures pertaining to such activities.

In all cases where the words "standards" or "requirements" appear, it shall be understood that they are modified by the word "minimum" except where "maximum" is clearly identified. Determinations of "minimum" shall be from the City's point of view as the Airport owner, lessor, licenser, and permitter. All Operators are encouraged to exceed the "minimum" in terms of quality of facilities and services. No Operator will be allowed to occupy all area or conduct Activities at the Airport under conditions less than the "minimum."

B. STATEMENT OF POLICY

The City intends to plan, manage, finance, and develop the Airport for the long-term financial health and safety of the Airport consistent with accepted airport practices and applicable federal, state, and local laws, rules and regulations.

To this end, all applicants to perform Aeronautical Activities at the Airport shall be accorded a fair and reasonable opportunity, without unlawful discrimination, to qualify and to compete (if required), to occupy available Airport facilities and to provide appropriate Aeronautical Activities; subject, however, to the Minimum Standards as established by the City.

The granting of rights and privileges to engage in Aeronautical Activities shall not be construed in any manner as affording the Operator any exclusive right of use of the premises and/or facilities at the Airport, other than those premises which may be leased exclusively to the Operator, and then only to the extent provided in a written Agreement.

The City reserves the right for use of the Airport by others who may desire to use the same, pursuant to applicable federal, state, and local laws, ordinances, codes, and other regulatory measures pertaining to such use. The City further reserves the right to designate specific Airport areas for special Aeronautical Activities in accordance with the current adopted

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Airport Layout Plan ("ALP") and subsequent revisions thereto. Such designation shall give consideration to the nature and extent of the operation and the land and improvements available for such purpose, and shall be consistent with the orderly and safe operation of the Airport.

While the Manager of the Airport has the authority to manage the Airport (including the authority to interpret, administer, and enforce Airport Agreements and City policies and the authority to permit temporary, short-term occupancy of the Airport), the ultimate authority to grant the occupancy and use of Airport real estate and to approve, amend, or supplement all Leases, licenses, and permits relating thereto is expressly reserved to the City by and through its Mayor and Council.

C. SEVERABILITY CLAUSE

If one (1) or more clauses, sections, or provisions of these Minimum Standards shall be held to be unlawful, invalid, or unenforceable by final judgment of any court of competent jurisdiction, the invalidity of such clauses, sections, or provisions shall not in any way affect any other clauses, sections, or provisions of these Minimum Standards.

D. CONFLICTS WITH EXISTING AGREEMENTS

These Minimum Standards are not retroactive. They do not alter the current terms of any Agreement properly executed prior to the date of adoption and approval of these Minimum Standards unless any such Agreement shall provide for changes in the Airport's Minimum Standards, in which case these Minimum Standards shall be effective consistent with such Agreement. In any event, upon expiration or earlier termination of an existing Agreement with the Authority or if an Operator desires to materially increase or expand its Aeronautical Activities, the Operator shall then comply with the provisions of these Minimum Standards.

E. DEFINITIONS

As used in these regulations, the following terms shall have the following meanings.

Aeronautical Activity (or "Aeronautical Activities" or "Activity" or "Activities): Any activity or service that involves, makes possible, facilitates, is related to, assists in or is required for the operation of Aircraft or another Aeronautical Activity, or which contributes to or is required for the safety of such operations. The following activities, for example only and without limitation, which are commonly conducted on airports, are considered Aeronautical Activities within this definition: charter operations, pilot training, Aircraft rental, sightseeing, aerial photography, aerial spraying and agricultural aviation services, aerial advertising, aerial surveying, air carrier operation, Aircraft sales and service, sale of aviation fuel and oil whether or not conducted in conjunction with other included Activities, repair and maintenance of Aircraft, sale of Aircraft parts, skydiving and sport parachute jumping and the promotion, providing lift services for, providing instruction for, facilitating or enabling thereof, and any other activities which,

in the sole judgment of the City, because of their direct relationship to the operation of Aircraft or the Airport, can appropriately be regarded as an "Aeronautical Activity." For all purposes of these Minimum Standards, all providing of products and services described herein are deemed to be Aeronautical Activities.

Agreement (or "Lease"): A contract between the City and an Entity granting a concession, transferring rights or interests in property, or otherwise authorizing the conduct of certain Activities, which is in writing, executed by both parties, and enforceable by law.

Agricultural Aircraft Operator. An Entity which provides for hire crop dusting, seeding, spraying or similar agricultural aviation flights and services, including without limitation, any Entity subject to the provisions of FAR Part 137 or Sections 69-21-1 through 27, Mississippi Code of 1972, as amended, or Sections 69-21-101 through 127, Mississippi Code of 1972, as amended.

Air Charter: Any Entity that provides on-demand, nonscheduled passenger services and operates under the appropriate FAR with Aircraft that provide no more than 30 passenger seats and are within the weight limitations established for the Airport.

Aircraft: Any contrivance, now known or hereinafter invented, used or designed, for navigation of or flight in the air. Excluded from this definition are ultra lights, gliders and paragliders.

Aircraft Charter, Air Taxi, and Air Ambulance Operator: An Entity engaged in the business of providing air transportation (for persons or property) to the general public for hire, either on a charter basis or as an Air Taxi Operator as defined in the Federal Aviation Regulations, including air ambulance services.

Aircraft Engine, Airframe, and Powerplant Maintenance and Repair Operator: An Entity which is engaged in the business of providing one or a combination of engine, airframe and powerplant repair services, including the sale of Aircraft parts and accessories.

Aircraft Maintenance: The repair, maintenance, adjustment or inspection of Aircraft. Major repairs include major alterations to the airframe, powerplant, and propeller (as defined in FAR Part 43). Minor repairs include normal, routine annual inspection with attendant maintenance, repair, calibrations, or adjustment or repair of Aircraft and their accessories.

Aircraft Rental Operator: An Entity engaged in the rental of Aircraft to the public.

Aircraft Sales Operator: An Entity engaged in the sale of new or used Aircraft.

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Aircraft Services and Support: Limited Aircraft, engine or accessory maintenance (for example, washing, painting, upholstery, etc.) or other limited services and support activities directly related to the Aircraft, such as into-plane fueling and ground handling.

Airport: The City of Picayune Municipal Airport.

Airport Operating Area (or "AOA"): Ramp/taxiway system at the Airport.

Airport Transportation Services for Hire: Non-stop sightseeing flights (flights that begin and end at the Airport and are conducted within a twenty-five (25) statute mile radius of the Airport), flights for aerial photography or survey, fire fighting, power line, underground cable, and pipeline patrol; and any other miscellaneous Activities directly related to such Air Transportation Services for Hire (for example, flight instruction provided in student-owned or rented Aircraft or helicopter operations in construction or repair work).

Applicant: An Entity desiring to acquire the use of a portion of the Airport or to establish or use any facility at the Airport to engage in Aeronautical Activities and who shall apply in writing and in the manner or form prescribed for authorization to engage in such Activities at the Airport.

Avionics, Instrument or Propeller Repair Operator: An Entity engaged in the business of repairing Aircraft radios, electrical systems, propellers, instruments, or accessories, including without limitation to the sale of new or used Aircraft radios, electrical systems, propellers, instruments or accessories.

Commercial Aeronautical Activity: Any Aeronautical Activity, the purpose of which is to secure earnings, income, compensation, or profit, whether or not such objectives are accomplished. Such Activities are further defined throughout the Minimum Standards.

Commercial Aviation Operator (or "Commercial Operator"): An Entity engaged in an Activity which involves, makes possible, or is required for the operation of Aircraft, or which contributes to, or is required for the safe conduct and utility of, such Aircraft operations, the purpose of such Activity being to secure earnings, income, compensation or profit, whether or not such objectives are accomplished. A Commercial Operator may be classified as either a Fixed Base Operator or a Specialized Aviation Service Organization.

Councilmen: The duly elected officials of the City of Picayune.

Director: The Director of the Airport, or any other designated individual or duly authorized representative appointed by the City to manage the operation and development of the Airport.

Entity: Any person, persons, firm, partnership, limited liability company, unincorporated proprietorship or association or group, or corporation other than the City.

Equipment: All personal property and machinery, together with the necessary supplies, tools, and apparatus necessary for the proper conduct of the Activity being performed.

Exclusive Right: A power, privilege; or other right excluding or preventing another from enjoying or exercising a like power, privilege, or right. An exclusive right may be conferred either by express agreement, by imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right. An exclusive right to conduct an Aeronautical Activity, which is forbidden by federal regulation, is distinguished from an exclusive right to occupy real estate, which is permitted by federal regulation under certain conditions.

FAA: Federal Aviation Administration.

FAR: Federal Aviation Regulations.

Fixed Base Operator ("FBO"): An Entity which is authorized and required by Agreement with the City to provide, at a minimum, the following Aeronautical Activities at the Airport:

1. Sale of aviation fuel and lubricants.
2. Tie-Down, hangaring, and parking.
3. Aircraft Maintenance.
4. Ancillary Aircraft ground services and support.

Flight Training Operator: An Entity engaged in instructing pilots in fixed or rotary wing Aircraft operations and providing such related ground school instruction as is necessary and preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

Flying Club Operator: An Entity comprised of an association or group of more than three (3) individuals jointly owning or leasing an Aircraft to its members (where payment is made to the club for the operating time of such Aircraft).

Improvements: All buildings, structures, and facilities including pavement, fencing, signs, and landscaping constructed, installed, or placed on, under, or above any leased area.

Lease (or "Agreement"): A contract between the City and an Entity granting a concession, transferring rights or interests in property, or otherwise authorizing the conduct of certain Activities, which is in writing, executed by both parties, and enforceable by law.

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Limited Commercial Aeronautical Operator: An Entity engaged in providing limited Aircraft Services and Support, including without limitation, into-plane fueling and ground handling; Miscellaneous Commercial Services and Support; Air Transportation Services for Hire; and an Agricultural Aircraft Operator.

Manager: The Manager of the Airport, or any other designated individual or duly authorized representative appointed by the City to manage the operation and development of the Airport.

Minimum Standards: Those qualifications, standards and criteria set forth herein as the minimum requirements to be met as a condition for an Operator to engage in Aeronautical Activities at the Airport.

Miscellaneous Commercial Services and Support: Ground school, simulator training, charter flight coordinators, aircrew or aviation management, ticketing, or other limited Activities directly related to supporting or providing support services for a Commercial Aeronautical Operator or a Commercial Aeronautical Activity.

Non-Commercial Operator: An Entity that either owns or leases and operates Aircraft for personal or recreational purposes. In the case of a business, the operation of Aircraft must be an ancillary Activity or unit to support the business's purposes by providing transportation for the exclusive use of its employees or agents. In all cases, the Non-Commercial Operator must not offer or provide Aeronautical Activities for compensation.

Operator: As used in these Minimum Standards, Operator refers to both Commercial Operators and Non-Commercial Operators.

Ramp: A paved area suitable for Aircraft parking.

Repair Facility: A facility utilized for the repair of Aircraft to include airframe, powerplant, propellers, radios, instruments, and accessories.

Specialized Aviation Service Operator ("SASO"): A Commercial Operator that provides Aeronautical Activities not included in the minimum services listed under the definition of a Fixed Base Operator. Without limitations these may include any one or a combination of the following:

1. Airframe and Powerplant Repair
2. Aircraft Rental/Flying Club
3. Flight Training
4. Aircraft Charter/Air Taxi
5. Avionics, Instrument, or Propeller Repair
6. Aircraft Sales

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Sport Parachute Jumping Operator: An Entity promoting, providing lift services for, providing instruction for, facilitating or enabling sport parachute jumping, skydiving or related Activities to the public for or without compensation.

Sport Parachute Landing Zone: The area at or about the Airport designated by the City as the exclusive area for all sport parachute landings at or about the Airport.

Sublease: A contract entered into by a lessee under a Lease with another Entity transferring rights or interests in property and/or facility(ies), which is in writing, executed by both parties and enforceable by law.

Tie-down: An area, paved, or unpaved, suitable for parking and mooring of Aircraft wherein suitable Tie-down points have been located.

F. VIOLATIONS

The City reserves the right to prohibit any Operator from using the Airport in connection with any of such Operator's Aeronautical Activities upon determination by the City that such Operator has not compared with these Minimum Standards or has otherwise jeopardized the safety of Entities utilizing the Airport or the property or operations of the Airport.

SECTION II. GENERAL STANDARDS

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The following General Standards shall apply to all Aeronautical Activities at the Airport. In addition, the City reserves the right to adopt Minimum Standards for specific Aeronautical Activities at the Airport. An Operator engaging in an Aeronautical Activity or Activities at the Airport must comply with this section and those Minimum Standards, if any, applicable to the specific Aeronautical Activity or Activities of the Operator.

Operating Standard	Acceptable Minimum	
1. Agreement	*	No Entity shall conduct an Aeronautical Activity at the Airport unless a valid Agreement authorizing such activity has been entered into by the Entity and the City.
	*	Such Agreement shall recite the terms and conditions under which the Activity may be conducted at the Airport, including but not limited to the following: the term of the Agreement; rental, fees, and charges; and the rights and obligations of the respective parties. The Agreement shall not reduce or limit the Entity's obligations with respect to these Minimum Standards.
2. Rental, Fees and Charges	*	The City reserves the right to levy such rental, fees made available to the prospective Operator by the City at and charges as it may deem reasonable and appropriate for use of any Airport facilities or conduct of any Aeronautical Activities at the Airport, regardless of whether shown on any schedule of fees.
	*	The Operator shall pay the rental, fees and charges specified by the City for the applicable Aeronautical activities, if any.
	*	Information relative to rental, fees and charges applicable to the Aeronautical Activities described herein shall be the time of application or during negotiations regarding an Agreement.

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Operating Standard		Acceptable Minimum
2. Rental Fees and Charges (Continued)	*	No Entity shall be permitted to engage in Aeronautical Activities at the Airport unless said Entity is current (not delinquent) in the payment of all rental, fees, and other charges accruing to the City under any Agreement, Lease or otherwise.
	*	The Operator's failure to remain current in the payment of all such rental fees and other charges accruing to the City will be grounds for revocation of the Operator's authority to conduct its Aeronautical Activities at the Airport.
3. Leased Premises	*	The Operator shall lease and/or sublease (and/or construct) sufficient ground space, facilities, and accommodations for the proposed Aeronautical Activities. The Operator shall provide copies of all Subleases, if any, to the City. In addition, the Operator must comply with the ground space and facilities requirements stipulated for each Activity. When more than one Aeronautical Activity is proposed, the minimum limits will vary (depending upon the nature of each Activity), but the requirements will not necessarily be cumulative.
	*	The Operator must provide specifications and drawings of the location of the ground space, facilities, and accommodations to be utilized for the Operator's proposed Aeronautical Activities. The Operator must identify the location of Aircraft parking and staging areas, customer lounges, vehicle parking areas, and restrooms, as provided. Ground space will be allocated by the City on the grounds that are in the best interest of the airport.
	*	The ground space shall include a walkway within the leased or subleased area to accommodate pedestrian access to the Operator's office. When appropriate, a paved Aircraft apron with Tie-down or hangar facilities sufficient to accommodate the Activities being performed and the type of Aircraft frequenting the Airport shall be included. Ground space shall also include sufficient space for automobile and vehicle parking on site, as required until City owned parking spaces are provided.

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Operating Standard	Acceptable Minimum	
3. Leased Premises (Continued)	*	The public accommodations shall include telephones for customer use, restrooms, sufficient on-site customer auto parking spaces, and handicap access in accordance with applicable federal, state and local regulations. Parking requirements refer to previous paragraph.
	*	The facilities and floor space allotments shall include an office and facilities sufficient for the Activity. All facilities must be properly heated, ventilated, cooled, and lighted.
4. Site Development, Construction	*	The City reserves the right of final approval of all location decisions and type of building and the geometry of the building. Only pre-fabricated metal buildings with a minimum wind load of 110 mph will be approved. Metal buildings will be manufactured by Varco , southern structures, American Buildings, or approved equals will be accepted. All structures are to be Standing Seam II (SSP) 24 gauge steel, pre-painted G90 zinc-coated galvanized with Premium 70 (Kynar 500) finish. Provide concealed anchor clips attached to structural members with a UL Class 90 rating. 70 psf limited to L/180 deflection of 5' – 0" spacing of roof purlins. Entire roof system shall have a manufacturer's 20 year watertight guarantee and a 20 year finish guarantee. Panel colors will be chosen by the City.
	*	Wall panels are to be Architectural II (A2P) 26 gauge steel. The panel exterior finish shall be pre-painted G90 zinc-coated galvanized with Premium 70 (Kynar 500) finish. Wall panels shall match roof panels, gutters, and metal trim. Wall panel fasteners shall be self-drilling carbon steel screws, No. 12 – 14 x 1-1/4", hex washer head, cadmium plated assembled with a 0.040: minimum thickness nylon isolation washer. The fasteners shall be color coordinated with a premium coating system to match the wall panel. Panel colors shall be chosen by the City.
	*	All roof joints, both end laps and side laps, shall be sealed with a tape mastic that is 3/16" in thickness by ¼" wide. The compound shall have properties of good adhesion and cohesion and shall not harden with

Operating Standard		Acceptable Minimum
4. Site Development, Construction (continued)		continued exposure to all elements of weather.
	*	Gutters, downspouts, take trim, drip trim, and all other miscellaneous metal trim to be 24 gauge galvanized prepainted to match wall and roof panels. Metal trim and shapes shall be of size and shapes as shown on drawings and shall match existing in profile and color.
	*	Framing, windows, louvers, doors, etc. shall meet requirements of AISC "Specifications for the Design, Fabrication and Erection of Structural Steel for Buildings." Erect members straight, plumb and level and properly secure in place. Limit error to less than 1 to 500. Provide temporary supports, shoring, bracing and guards necessary to prevent damage or injury. Touch-up all unpainted, scraped, abraded, or otherwise damaged areas using same paint as shop coat.
	*	The City is under no obligation to construct or provide aprons or taxiways for commercial facilities or Activities. In the event any facility location requires the construction of either aprons and/or taxiways, such pavements shall meet all FAA standards for the largest Aircraft type anticipated to use the Operator's facility.
	*	The City will approve sitework for private hangars.
5. Products and Services	*	Products and services shall be provided on a fair, equal, and nondiscriminatory basis to all users of the Airport and at fair reasonable, and nondiscriminatory prices; provided that, if lawful, reasonable and non-discriminatory discounts, rebates, and other similar types of price reductions may be extended to like types of purchasers and users.
6. Licenses, Permits, and Certifications	*	The Operator shall obtain and comply with, at its sole expense, all necessary licenses and permits required for the conduct operator's Activities at the Airport as required by the City or any other duly authorized governmental agency having jurisdiction, and copies of all such licenses and permits shall be provided to the City.

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Operating Standard		Acceptable Minimum
6. Licenses, Permits and Certifications (Continued)	*	The Operator shall not engage in any Activities at the Airport prior to obtaining any certification that may be required by the FAA. The Operator shall furnish the City with copies of all such certifications.
7. Personnel	*	Operator shall have in its employ and on duty, during operating hours, trained personnel in such numbers as are required to meet the Minimum Standards set forth herein.
	*	The Operator shall provide a responsible person in the office to supervise the operations in the leased area and such person shall be authorized to represent and act for and on behalf of the Operator during all business hours.
	*	All personnel of the Operator are required to hold the appropriate FAA certificates and ratings as applicable.
8. Laws, Rules, Regulations, and Minimum Standards	*	An Operator shall engage in Aeronautical Activities at the Airport only in accordance with all applicable laws, rules and regulations of the United States, the State of Mississippi, and all other governmental units, agencies and authorities having jurisdiction, including without limitation the rules and regulations of the FAA and the United States Department of Transportation and the applicable ordinances, rules and regulations of the City of Picayune, Pearl River County, including these Minimum Standards; all as may be in effect from time to time.

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Operating Standard	Acceptable Minimum
9. Insurance.	* The Operator shall keep and maintain all insurance required by law, including for example and without limitation, insurance as required by the Workers Compensation laws of the State of Mississippi. * In addition, the Operator shall procure, maintain and pay premiums during the term of the Agreement for insurance of the types and with the minimum limits set forth by the City for each Aeronautical Activity. The insurance company underwriting the required policy(ies) shall be licensed to or admitted to write such insurance in the State of Mississippi or otherwise be approved in writing by the City. * When more than one Aeronautical Activity is proposed, the minimum limits will vary (depending upon the nature of each Activity in such combination) but will not necessarily be cumulative in all instances. It will not be necessary for the Operator to carry insurance policies providing the aggregate or combined total of the minimum requirements of each Activity; however, the Operator will be required to obtain insurance for all applicable exposures.

Operating Standard	Acceptable Minimum
9.Insurance (Continued).	* All insurance which the Operator is required by the City to carry and keep in force shall name the City and its City Council (individually and collectively), and the representatives, officials, officers, employees, agents, successors and volunteers of each as additional insureds. * All liability policies shall contain, or be endorsed to contain, the following provisions: "The City of Picayune Municipal Airport and its City Council (individually and collectively), and the representatives, officers, officials, employees, agents, successors and volunteers of each are to be covered as additional insureds with respect to liability arising out of activities performed by or on behalf of the Operator; products and operations of the Operator, premises owned, occupied, or used by the Operator, or vehicles owned, leased, hired or borrowed by the Operator. Any insurance or self-insurance maintained by the City of Picayune Municipal Airport and its City Council (individually and collectively), or the representatives, officers, officials, employees, agents, successors or volunteers shall be excess of the Operator's and shall not contribute with it. "Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City of Picayune Municipal Airport and its City Council (individually and collectively), and the representatives, officers, officials, of each.

Operating Standard	Acceptable Minimum
9. Insurance (Continued).	* "Operator's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the aggregate limits of the insurer's liability."
	* Each insurance policy shall be endorsed to state that "Coverage shall not be suspended, voided, or canceled by either party or reduced in coverage or in limits except after 30 days prior written notice by certified mail, return receipt requested, has been given to the City by the insurance carrier."
	* The Operator shall furnish to the City proper certificates that such insurance is in force and will furnish additional certificates upon any changes in insurance.
	* The applicable insurance coverages shall be in full force and the above required certificates shall be delivered to the City upon execution of any Agreement, Lease or applicable Sublease.
	* The limits of liability for each stipulated Aeronautical Activity in these Minimum Standards represents the minimum required to operate at the Airport. The City strongly recommends that all Operators secure higher limits of liability coverage.
	* Disclosure Requirement: All Operators conducting rental or sales of Aircraft or Flight Training or Sport Parachute Jumping Activities at the Airport shall post a notice of insurance and incorporate within their rental instruction and participation agreements the coverages and limits provided to the renter or student or participant by the Operator, as well as a statement advising that additional coverage is available to such renter/student/ participant through the purchase of an individual non-ownership liability policy. The Operator shall provide a copy of such notice to the City.

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Operating Standard	Acceptable Minimum	
10. Indemnification and Hold Harmless	*	The Operator shall defend, indemnify, protect and hold completely harmless the City and its City Council (individually and collectively), and the representatives, officials, officers, employees, successors and agents from any and all claims, demands, damages, fines, obligations, suits, judgments, penalties, causes of action, administrative proceedings, arbitrations, losses, liabilities, or costs at any time received, incurred, or accrued by the City or its City Council (individually and collectively), or the representatives, officials, officers, employees, successors and agents of each as a result of, or arising out of, Operator's actions or inactions. In the event a party indemnified hereunder is in part responsible for the loss, the indemnitor shall not be relieved of the obligation to indemnify; however, in such case liability shall be shared in accordance with Mississippi principles of comparative fault.
11. Assignment, Subletting and Encumbrances	*	Operator shall not assign its Lease or Agreement or sublet any demised premises at the Airport, either in whole or in part, except upon the prior written consent of the City, such consent not to be unreasonably withheld. If such consent is given by the City, the Operator shall remain fully liable and responsible for the full and complete performance of all of the terms and conditions and obligations of its Lease or Agreement, including without limitation, the payment of all rentals, fees and charges due thereunder.
	*	The Operator shall not pledge, hypothecate or otherwise encumber its leasehold interest, if any, in any demised premises or improvements thereon at the Airport, or allow the same by operation of law, except upon the prior written consent of the City.

Operating Standard	Acceptable Minimum	
12. Taxes	*	The Operator shall, at its sole cost and expense, pay any and all taxes for which it is responsible, or which may be assessed against it or its property.
13. Signage	*	The Operator shall not erect, maintain, or display any sign on the leased premises, or elsewhere on the Airport, without the prior written consent of the City.
14. Radio	*	The Airport is equipped with a Unicom base station radio. All Aircraft based at the Airport shall be equipped with a radio. During approaches and prior to and during all departures, all Operators shall announce their approach or departure over the radio and maintain radio presence throughout their approach and landing or departure.
15. Environmental Compliance	*	All Operators, specifically including without limitation, all Operators providing into-plane fueling services, storing fuel, performing maintenance on Aircraft, and those Operators deemed to be Agricultural Aviation Operators under these Minimum Standards, shall strictly comply with all federal, state and local laws, rules and regulations concerning the handling, use and storage of fuel, chemicals and other hazardous materials.
	*	Each Operator handling, using or storing fuel, chemicals and/or hazardous materials at the Airport shall provide a written report to the City, updated annually, identifying all fuel, chemicals and hazardous materials used or stored at the Airport and describing the measures taken by the Operator to comply with all applicable federal, state and local laws, rules and regulations. In lieu thereof, an Operator may provide the City on at least an annual basis with copies of appropriate certificates and other documents demonstrating, to the sole satisfaction of the City, compliance with all applicable federal, state and local laws, rules and regulations.

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Operating Standard	Acceptable Minimum	
15. Environmental Compliance (Continued)	*	All Operators shall be subject to inspection by or on behalf of the City for compliance with this standard at any time during normal business hours upon reasonable notice.
	*	Any Operator wishing to self-fuel may do so only upon the prior written consent of the Manager, and any such Operator shall be required to meet the Minimum Standards applicable to fueling and fuel storage contained in the Minimum Standards for Fixed Base Operations, set forth in Section III.
16. Safety of Property, Others	*	All Aeronautical Activities at the Airport shall at all times be conducted with due consideration of the property of the City and others located at or about the Airport and the safety of all users of the Airport.
17. Responsibility for Damage, Destruction, Clean-up	*	Each Operator shall be responsible in full for any property damage or personal injury that may arise from Aeronautical Activities on or about the Airport.
	*	Each Operator shall be responsible for clean-up or repairs to any areas of or at the Airport used, damaged or destroyed during or as a result of any Aeronautical Activities sponsored, facilitated, or provided by the Operator. Each Operator shall ensure that each area or facility of the Airport used in such Activities is returned to its condition immediately preceding such activity.

Operating Standard	Acceptable Minimum	
18. Utilization of Other Airport Facilities	*	Subject to the provisions of these Minimum Standards, all public facilities of the Airport generally open to the public shall be open to the Operator and its employees, customers and invitees; provided, however, no Operator or its employees, customers or invitees shall use said public facilities of the Airport in a manner, place or time which unreasonably restricts access to others entitled to use such facilities.
19. Use of Alcohol, Narcotics Prohibited	*	No Operator shall sponsor, facilitate or provide any Aeronautical Activity on or about the Airport by or to any person under the influence of alcohol or narcotics. For purposes of this standard, "under the influence of alcohol or narcotics" shall mean the consumption of any alcohol or narcotics within eight (8) hours prior to such Aeronautical Activity or within such longer period of time as may be required for the effects of such consumption to completely abate.
20. Suspension, Redirection of Activities	*	Notwithstanding any other provision of these Minimum Standards, by notice of the City posted at the Airport, the City may suspend or redirect to another area of the Airport any Aeronautical Activity for such period of time as may be necessary, in the City's sole determination, to protect and ensure the safety of property and persons at the Airport or the safe conduct of other Aeronautical Activities at the Airport.
21. Suspension, Revocation of Privileges	*	The City reserves the right to suspend or revoke Airport privileges, on a temporary or permanent basis, to any Operator failing to abide by these Minimum Standards or any applicable federal, state or local law, rule, regulation, ordinance or standard governing the Airport or any applicable Aeronautical Activity.

Operating Standard	Acceptable Minimum
22. Prohibition Against Discrimination	* No person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in any Aeronautical Activities at the Airport or in the use of the Airport on the grounds of race, creed, color, sex, age, handicap or national origin.
	* Applicants for employment with each Operator shall be employed and each Operator's employees shall be treated during employment without regard to their race, creed, color, sex, handicap, age or religion, including without limitation during employment, referral for employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay offs or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeships. Each Operator shall post in a conspicuous place on its leased premises, if any notices setting forth the provisions of this non-discrimination policy, and shall make notice thereof available to employees and applicants for employment.
	* In connection with any construction or modification of facilities at the Airport and the furnishing of services thereon or in connection therewith, each Operator shall insure that no person shall be excluded from participation therein, denied the benefits thereof, treated differently during employment or otherwise be subject to discrimination on the grounds of race, creed, color, sex, age, handicap or national origin.

Operating Standard	Acceptable Minimum
22. Prohibition Against Discrimination (Continued)	* All Aeronautical Activities at the Airport shall be conducted in compliance with all applicable federal, state and local laws, rules and regulations dealing with discrimination, including without limitation the requirements imposed by or pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the U.S. Department of Transportation- Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended time to time.
23. Security	* Each Operator shall observe all security requirements under federal, state and local law applicable to the Airport and its Activities at the Airport, including without limitation, all security requirements of FAR, Part 107, as applicable, and any special security program promulgated by the City for the Airport and in effect from time to time, and shall take such steps as may be necessary or directed by the City to insure that officers, employees, representatives, invitees and guests of the Operator observe such requirements. * If the City incurs any fines and/or penalties imposed by FAA or any expense in enforcing the applicable regulations of FAR, Part 107, or any security program for the Airport, as a result of the acts or emissions of any Operator, the Operator shall pay and/or reimburse all such costs and expenses to the City, and the Operator shall immediately rectify any security deficiency as may be determined at any time by the City or FAA. In the event any Operator shall fail to do so, the City reserves the right to immediately take whatever action may be necessary to rectify any such security deficiency.

Operating Standard	Acceptable Minimum
24. City and Manager	* The Airport is operated and administered by the City. The City is governed by and through its City Council. Only the City Council can amend or modify these Minimum Standards on behalf of the City. * The City has authorized and directed that the Manager shall receive copies of all licenses, permits, certifications, insurance policies, and other documents required to be provided to or filed with the City under these Minimum Standards. In addition, all official inquiries to the City as to these Minimum Standards and/or compliance therewith should be directed to the Manager. The Manager shall be responsible for enforcement of these Minimum Standards, and no approval or consent required to be given hereunder by the City shall be valid unless given in writing by the Manager. Any notice required to be given hereunder to the City shall be given in writing and addressed to the Manager.

Operating Standard	Acceptable Minimum
25. Notices, Requests for Approval, Applications, and Other Filings	* Any notice, request for approval, application, or other filing required or permitted to be given or filed with the City and any notice or communication required or permitted to be given or filed with any Operator or prospective Operator pursuant to these Minimum Standards shall be in writing, signed by the party giving such notice, and may be personally served or delivered via facsimile, sent by overnight courier or by United States certified mail, and shall be deemed to have been given when delivered in person or received via facsimile, or one (1) day after delivery to the office of such overnight courier service, or three (3) days after depositing the same in the United States Mail, postage and registration fees prepaid, properly addressed to the Operator or prospective Operator at its principal place of business (or such other address as it may have provided to the City) or, as the case may be, to the City at the following address: City of Picayune Municipal Airport 203 Goodyear Boulevard Picayune, Mississippi Telephone Number: (601) 749-7017 Facsimile Number: (601) 798-0564 * Any document received by the City, whether by facsimile or otherwise, after normal business hours shall be deemed to be received for the purpose of these Minimum Standards at the commencement of normal business hours on the next business day. The City's normal business hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

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SECTION III. FIXED BASE OPERATIONS.

A Fixed Base Operator ("FBO") is an Entity engaged in the business of providing multiple services to Aircraft. Such services shall include, at a minimum, the sale of aviation fuel/lubricants; Aircraft Tie-down, hangaring; and parking, Aircraft Maintenance, and ancillary Aircraft ground services and support.

In addition to the General Standards set forth in Section II hereof, each FBO Operator at the Airport shall comply with the following Minimum Standards.

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Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its FBO Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced FBO's providing comparable products, services and activities from similar sized facilities in like markets. FBO products and services shall include, at a minimum the following. * Aircraft fueling. * The FBO shall be capable of providing a response time not to exceed 15 minutes during required hours of operation. * The FBO shall be capable of providing into-plane fuel delivery for all types of Aircraft normally frequenting the Airport. * The FBO shall have an approved written Spill Prevention Contingency and Control Plan ("SPCC Plan") which meets federal and state regulations. An updated copy of such SPCC Plan shall be filed with the City at least five (5) days prior to actual implementation. * Tie-down, hangaring, and parking. * Aircraft Maintenance. * The FBO shall be qualified to perform reasonably comprehensive maintenance services on the airframes, powerplants, and associated aircraft systems of general aviation Aircraft utilizing the Airport.

Operating Standard	Acceptable Minimum
1. Scope of Activity (Continued)	* Ancillary Aircraft ground services and support * Oxygen, nitrogen, and compressed air services. * Towing of Aircraft. * Ground power services. * Aircraft recovery services.
2. Leased Premises	* The Leased premises shall include the following: * Hangar space in one location available for the storage of Aircraft and a minimum ground area in a size sufficient to provide the Activities; * Facilities sufficient to provide the Activities, including adequate space for crew and passenger lounge facilities, administration, operations, public telephone, and restrooms; and * Sufficient automobile parking facilities to accommodate all customers, passengers, and employees on a daily basis.
3. Fuel Storage Facility	* The Operator shall maintain and have access to a ground fuel storage facility on Airport premises in a location approved by the City. The fuel storage facility shall have a minimum total capacity of three days supply for Aircraft routinely serviced by the Operator. * The Operator shall demonstrate that satisfactory arrangements have been made with a recognized aviation petroleum distributor for the delivery of fuel and oil in such quantities as are necessary to meet the requirement set forth herein.

Operating Standard	Acceptable Minimum
4. Fueling Equipment	* If the Operator engages in into-plane fueling services (scheduled and nonscheduled), the Operator must have adequate fuel storage capacity for said Activity and the fueling Equipment required to meet demands of the Aircraft typically utilizing the Airport. * The Operator shall have and maintain such Equipment as may be required to comply at all times with all applicable safety and fire prevention requirements or standards, including without limitations those prescribed by: * These Minimum Standards and any other rules and regulations of the City; * State of Mississippi Fire Code and State Fire Marshall's Codes; * Southern Standard Fire Prevention Codes; * 14 CFR Part 139, Airport Certification, Section 139.321, Handling and Storing of Hazardous Substances and Materials; * Applicable FAA Advisory Circulars (AC), including AC-00-34, "Aircraft Ground Handling and Servicing", and AC 150/5210-5 "Painting, Marking and Lighting of Vehicles Used On An Airport" and * Other applicable FAA standards, rules and regulations. * Fueling procedures per "Fuel Farm" manufacturers guidelines shall be adhered to at all times.

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Operating Standard	Acceptable Minimum
5. Equipment	* The FBO Operator's facility shall include the following: * Adequate Tie-down Equipment including ropes, chains, and other types of restraining devices and wheel locks; * Adequate Equipment for washing Aircraft windows; * Adequate Equipment for recharging or energizing discharged Aircraft batteries; * One Aircraft tug and standard universal tow bar of sufficient capacity to meet the towing requirements of the general aviation Aircraft normally frequenting the Airport; * Fire apparatus - an adequate number of approved and currently inspected dry chemical fire extinguisher units within hangar confines and on Ramp area; * Compressed Air Unit - at least one (1) compressed air unit for inflating tires available to the public at all times; and * All Equipment necessary for the proper performance of maintenance services oil, airframe and powerplants, in accordance with applicable FAA regulations and manufacturers' specifications, such Equipment to comply with City rules and regulations (including these Minimum Standards), NFPA codes, and other applicable federal, state and local safety regulations.

Operating Standard	Acceptable Minimum
6. Personnel	* Personnel shall at all times be properly uniformed, which at a minimum, must identify the FBO's company employee's name. Personnel uniforms shall at all times be professional and properly maintained. * Personnel engaged in dispensing Aircraft fuels, accepting fuel shipments, and Aircraft ground handling operations shall be properly trained in all associated safety procedures and shall conform to the best practices of such operations, including the standards of FAA Advisory Circular 150/5230-4, Appendix 7, Minimum Standards for Fuel Storage, Handling, and Dispensing on Airports, Paragraph 4. Fueling Personnel, Subparagraphs b and c, and all other applicable laws, rules and regulations. * In accordance with all applicable laws, regulations, and appropriate industry practices, the FBO shall develop and maintain Standard Operating Procedures (SOP) for fueling and ground handling operations and shall insure compliance with standards set forth in FAA Advisory Circular 00-34A, entitled "Aircraft Ground Handling and Servicing". The FBO's SOP shall include a training plan, fuel quality assurance procedures and records, and emergency response procedures to fuel fires and spills. The FBO's SOP shall also address grounding/bonding and fire protection, public protection, control of access to storage areas, and marking and labeling fuel storage tanks and tank trucks, if any. The FBO's SOP must be submitted no later than sixty (60) days after the FBO commences its Activities at the Airport. Inspections will be conducted by the City on a periodic basis to ensure compliance. * The Operator's personnel shall include a minimum of one (1) FAA licensed airframe and power-plant mechanic properly trained and qualified to perform maintenance services on general aviation Aircraft frequenting the Airport.

Operating Standard	Acceptable Minimum
7. Hours of Operation	* The Operator shall have its premises open and service available to meet the public demand for such services at least five (5) days a week, eight (8) hours a day.
8. Aircraft Recovery Services	* Recognizing that Aircraft recovery is the responsibility of the Aircraft owner/Operator, the FBO shall be prepared to lend assistance in order to maintain the operational readiness of the Airport's runway system. The FBO shall prepare a recovery plan to service the typical general aviation Aircraft using the Airport.
9. Insurance	* The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Hangarkeepers Liability: An amount adequate to cover the replacement cost of any non-owned property in the care, custody or control of Operator. In no event shall such coverage be less than $ 100,000.00 for any one aircraft, $ 500,000 for any one occurance. * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

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SECTION IV. SPECIALIZED AERONAUTICAL ACTIVITIES

In addition to the General Standards set forth in Section II hereof, each Operator at the Airport shall comply with the specific Minimum Standards for the particular Aeronautical Activity or Activities being provided. If more than one Aeronautical Activity is being provided or a particular service includes components of more than one Aeronautical Activity, the Operator shall comply with the Minimum Standards set forth in each Aeronautical Activity being provided in whole or in part at the Airport.

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A. AIRCRAFT ENGINE, AIRFRAME AND POWER-PLANT MAINTENANCE AND REPAIR

An Aircraft Engine, Airframe and Powerplant Maintenance and Repair Operator is an Entity engaged in the business of providing one or a combination of engine, airframe and powerplant repair services, including the sale of Aircraft parts and accessories.

In addition to the General Standards set forth in Section II hereof, each Aircraft Engine, Airframe and Powerplant Maintenance and Repair, Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct airframe and powerplant repair services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree or care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Hangar space in one location available for the maintenance of Aircraft and a minimum ground area in a size sufficient to provide the Activities; and * Facilities sufficient to provide the Activities, including space for an office, shop, administration, public telephone and restrooms. NOTE: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***

Operating Standard		Acceptable Minimum
3. Licenses and Certificates	*	The Operator shall make an application to the FAA for Repair Station Certification and submit a copy of application to the City. Operator must acquire the Part 145 Certificate within six months of initiation of Activities at the Airport and file a copy with the City. Repair personnel must be current and properly certified by the FAA with ratings appropriate to being performed.
4. Personnel	*	The Operator shall provide a sufficient number of personnel to adequately and safely carry out engine, airframe and powerplant repair services and Activities in a courteous, prompt, and efficient manner and adequate to meet the reasonable demands of the public seeking such services.
5. Equipment	*	Operator shall provide sufficient Equipment, supplies, and availability of parts equivalent to that required for certification by the FAA as an approved repair station.
6. Hours of Operation	*	The Operator shall provide such service and Activity at least five (5) days a week, eight (8) hours a day, unless agreement reached otherwise.
7. Insurance	*	Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator.

Operating Standard	Acceptable Minimum
7. Insurance (Continued)	* Hangarkeepers Liability: An amount adequate to cover the replacement cost of any non-owned aircraft in the care, custody or control of Operator. In no event shall such coverage be less than $ 100,000.00 for any one aircraft, $ 500,000 any one occurrence. * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

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B. AIRCRAFT RENTAL/FLYING CLUB

An Aircraft Rental Operator is an Entity engaged in the rental of Aircraft to the public.

A Flying Club Operator is an Entity comprised of an association or group of more than three (3) individuals, jointly owning or leasing Aircraft to its members (where payment is made to the club for the operating time of such Aircraft).

In addition to the General Standards set forth in Section II hereof, each Aircraft Rental Operator and Flying Club Operator shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its Aircraft rental services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Aircraft Ramp space for at least the total number of Aircraft in the Operator's fleet or current inventory, said Ramp space to be adjacent to or within close proximity of the Operator's facilities, and * Facilities sufficient to provide the Activities, including space for all office, administration, public telephone, and restrooms. Note: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***
3. Licenses and Certificates	* The Operator shall have in its employ at least one (1) person having current FAA certified flight instructor rating in all Aircraft models offered for rental.

Operating Standard		Acceptable Minimum
4. Personnel	*	The Operator shall provide a sufficient number of personnel to adequately and safely carry out Aircraft Rental and Flying Club services and Activities in a courteous, prompt and efficient manner adequate to meet the reasonable demands of the public (or members) seeking such services.
5. Equipment	*	All Aircraft available for rental or use, either owned by or leased to Operator, shall be certified and currently airworthy Aircraft capable of flight under instrument conditions.
6. Hours of Operation	*	The Operator shall provide such services and Activities at such times as may be adequate to meet the reasonable demands of the public (and members) seeking such services.
7. Insurance	*	The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

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FLIGHT TRAINING

A Flight Training Operator is an Entity engaged in instructing pilots in fixed or rotary wing Aircraft operations and providing such related ground school instruction as is necessary and preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

In addition to the General Standards set forth Section II hereof, each Flight Training Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its flight training services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Ramp space for the number of Aircraft within the Operator's fleet or current inventory, such Ramp space to be adjacent to or within close proximity to the Operator's facilities; and * Facilities sufficient to provide the Activities, including space for administration, public telephone, restrooms, and classroom facilities, equipped with adequate mock-ups, pictures, slides, filmstrips, movies, video tapes and other visual training aides necessary to provide proper and effective ground school instruction, such materials, supplies, and training methods to meet FAA requirements for the type of training offered, NOTE: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***

Operating Standard		Acceptable Minimum
3. Licenses and Certificates	*	The Operator shall have in its employ flight instructor(s) properly certified by the FAA to provide all types of training offered. The Operator's facility shall be certified by the FAA as a pilot school. Copies of such certificates shall be filed with the City.
4. Personnel	*	The Operator shall provide a sufficient number of personnel to adequately and safely carry out flight training services and Activities in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.
5. Equipment	*	The Operator shall have available for use in flight training, either owned or under written lease, at least one (1) properly certified Aircraft equipped for and capable of flight under instrument conditions and equipped for dual operation.
6. Hours of Operation	*	The Operator shall provide such services and Activity at least five (5) days a week, eight (8) hours a day, or as agreed upon.
7. Insurance	*	The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

D. AIRCRAFT CHARTER, AIR TAXI AND AIR AMBULANCE

An Aircraft Charter, Air Taxi, or Air Ambulance Operator is an Entity engaged in the business of providing air transportation (for persons or property) to the general public for hire, either on a charter basis or as an Air Taxi Operator as defined in the Federal Aviation regulations, including air ambulance services.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its Aircraft Charter, Air Taxi and/or Air Ambulance services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Ramp space for the total number of Aircraft in Operator's fleet or current inventory, said Ramp space to be adjacent to or within close proximity to Operator's facilities; and * Facilities sufficient to provide the Activities, including space for an office, administration, public telephone, and restrooms. NOTE: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***
3. Licenses and Certificates	* The Operator shall have and provide to the Authority evidence of all appropriate FAA and U.S. Department of Transportation certifications and approvals, including without limitations the Preapplication Statement of Intent (FAA Form 8400-6), the Registrations and Amendments under Part 298 (OST Form 4507) and FAA operating certificate.

Operating Standard	Acceptable Minimum
4. Personnel	* The Operator shall provide a sufficient number of personnel to adequately and safely carry out Air Charter, Air Taxi and/or Air Ambulance services and Activities in a courteous, prompt, and efficient manner, adequate to meet the reasonable demands of the public seeking such services. * The Operator shall have in its employ a sufficient number of qualified Commercial and Airline Transport Rated pilots.
5. Equipment	* The Operator shall provide, either owned or under written lease to the Operator, a sufficient number of Aircraft to provide the Activities.
6. Hours of Operation	* The Operator shall provide such services and Activities at least five (5) days a week, eight (8) hours a day, or as agreed upon.
7. Insurance	* The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

E. AVIONICS, INSTRUMENT, OR PROPELLER REPAIR

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An Avionics, Instrument or Propeller Repair Operator is an Entity engaged in the business of repairing Aircraft radios, electrical systems, propellers, instruments, or accessories, including without limitation, the sale of new or used Aircraft radios, electrical systems, propellers, instruments or accessories.

In addition to the General Standards set forth in Section II hereof, each Avionics, Instrument, or Propeller Repair Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* Operator shall conduct its avionics, instrument, or propeller repair services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Ramp space adequate to accommodate the Aircraft typically requiring the services and Activities offered, said Ramp space to be adjacent to or within close proximity to the Operator's facilities; and * Facilities sufficient to provide the Activities, including space for an office, administration, a shop, public telephone, and restrooms. NO'I'E: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***
3. Licenses and Certificates	* Repair personnel must be currently and properly certified by the FAA with ratings appropriate to the work being performed. In the case of avionics repair, the ratings shall, at a minimum, be for Class I and Class II repairs. Copies of such certificates shall be filed with the City.

Operating Standard	Acceptable Minimum
4. Personnel	* The Operator shall provide a sufficient number of personnel to adequately and safely carry out, avionics, or instrument, or propeller repair services in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services. * The Operator shall employ a sufficient number of personnel with Aircraft radio, electrical systems, instruments and propeller repair ratings, appropriate to the category of work being performed.
5. Equipment	* The Operator shall provide sufficient Equipment, supplies, and availability of parts equivalent to that required for certification by the FAA as an approved repair Operator.
6. Hours of Operation	* The Operator shall provide such services and Activities at least five (5) days a week, eight (8) hours a day, or as agreed upon.
7. Insurance	* The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

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F. AIRCRAFT SALES

An Aircraft Sales Operator is an Entity engaged in the sale of new or used Aircraft.

In addition to the General Standards set forth in Section II hereof, each Aircraft Sales Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its Aircraft Sales Services and and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.
2. Leased Premises	* The leased premises shall include the following: * Ramp space adequate to accommodate the total number of Aircraft in Operator's fleet or current inventory, said Ramp space to be adjacent to or within close proximity to Operator's facilities; and * Facilities sufficient to provide the Activities, including space for an office, administration, public telephone, and restrooms. NOTE: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***
3. Dealership	* An Operator which is an authorized factory sales franchise dealer, or distributor shall have on call at least one (1) current model demonstrator of Aircraft in its authorized product line. Demonstrations of additional models of the manufacturer for which a dealership is held shall also be available.

Operating Standard	Acceptable Minimum
4. Licenses and Certificates	* The Operator shall employ, or have available on call, a sufficient number of pilots with instructor ratings who shall be current in all models to be demonstrated.
5. Personnel	* The Operator shall provide a sufficient number of personnel to adequately and safely carry out, Aircraft Sales services and Activities in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.
6. Equipment	* Necessary and satisfactory arrangements for repair and, servicing of Aircraft shall be provided in accordance with any sales guarantee or warranty period.
7. Hours of Operation	* The Operator shall provide such services and Activities at least five (5) days a week, eight (8) hours a day, or as agreed upon.
8. Insurance	* The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

G. LIMITED COMMERCIAL AERONAUTICAL ACTIVITIES

A **Limited Commercial Aeronautical Operator** is an Entity engaged in providing limited Aircraft Services and Support, including without limitation, into-plane fueling and ground handling, Miscellaneous Commercial Services and Support, Air Transportation Services for Hire, and an Agricultural Aircraft Operator.

Aircraft Services and Support are defined as limited Aircraft, engine, or accessory maintenance (for example, washing, painting, upholstery, etc.) or other limited services and support Activities directly related to Aircraft, such as into-plane fueling and ground handling.

Miscellaneous Commercial Services and Support are defined as ground schools, simulator training, charter flight coordinators, aircrew or aviation management, ticketing, or any other limited Activities directly related to supporting or providing support services for a Commercial Aeronautical Operator or a Commercial Aeronautical Activity.

Air Transportation Services for Hire are defined as non-stop sightseeing flights (flights that begin and end at the Airport and are conducted within a 25 statute mile radius of the Airport), flights for aerial photography or survey, fire fighting, power line, underground cable, and pipeline patrol and any other miscellaneous Activities directly related to such Air Transportation Services for Hire (for example, flight instruction provided in a student-owned or rented Aircraft or helicopter operations in construction or repair work).

An Agricultural Aircraft Operator is an Entity which provides for hire crop dusting, seeding, spraying or similar agricultural aviation flights and services, including without limitation, any Entity subject to the provisions of FAR Part 137 or Sections 69-2-1 through 27, Mississippi Code of 1972, as amended, or Sections 69-21-101 through 127, Mississippi Code of 1972, as amended.

In addition to the General Standards set forth in Section II hereof, each Limited Commercial Aeronautical Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall conduct its Limited Commercial Aeronautical services and Activities on and from the leased premises in a first class manner which shall be consistent with the degree of care and skill usually exercised by experienced Operators providing comparable products, services and Activities from similar sized facilities in like markets.

Operating Standard	Acceptable Minimum
2. Leased Premises	* The leased premises shall include the following: * Ramp space for the number of Aircraft within Operator's fleet, said Ramp space to be adjacent to or within close proximity to Operator's facilities; * Facilities sufficient to provide the Activities, including space for an office, administration, public telephone, and restrooms. * In the case of an Agricultural Aircraft Operator, sufficient facilities to store "economic poison" as defined in FAR Part 137.3 and other substances to be dispensed from Aircraft. NOTE: ***When an Operator is doing business as an authorized sublessee to an existing Airport tenant who meets the requirements of this section, an exception may be made to this requirement.***
3. Licenses and Certificates	* The Operator shall have and provide to the City evidence of all applicable federal, state and local certificates required for the Activities provided. * For example only and without limiting the foregoing, an Agricultural Aircraft Operator shall have and provide copies to the City of all licenses and certifications required by FAR Part 137, Sections 69-21-1, et seq., Mississippi Code of 1972, as amended, and Sections 69-21-101, et seq., Mississippi Code of 1972, as amended.
4. Personnel	* The Operator shall provide a sufficient number of personnel to adequately and safely carry out its Limited Commercial Aeronautical services and Activities in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.

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Operating Standard	Acceptable Minimum
5. Equipment	* The Operator shall provide and have based at the Airport either owned or under written lease to the Operator sufficient Equipment, supplies and availability of parts and airworthy Aircraft to meet all applicable federal and state laws, rules and regulations with respect to the Activities to be performed, including for example only and without limitation, in the case of an Agricultural Aircraft Operator, Equipment sufficient to store, handle and clean up any "economic poison" as defined in FAR Part 137.3 and other substances to be dispensed from Aircraft.
6. Hours of Operation	* The Operator shall provide such services and Activities at such times as may be adequate to meet the reasonable demands of the public seeking such services.
7. Insurance	* The Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and property damage, including products, completed operations and contractual liability. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ 1,000,000.00 per accident for bodily injury or disease. * City of Picayune is an additional insured.

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H. NON-COMMERCIAL ACTIVITIES

A Non-Commercial Operator is an Entity that operates and either owns or leases Aircraft for personal or recreational purposes. In the case of a business, the operation of Aircraft must be an ancillary Activity or unit to support the business's purposes by providing transportation for the exclusive use of its employees or agents. In all cases, the Non-Commercial Operator neither offers nor provides Aeronautical Activities for compensation.

In addition to the General Standards set forth in Section II hereof, each Non-Commercial Operator at the Airport shall comply with the following Minimum Standards.

Operating Standard	Acceptable Minimum
1. Scope of Activity	* The Operator shall use the leased premises solely to store, maintain, and repair Aircraft owned or leased by the Operator and which are required to support the Operator's business or private use. * No Commercial Aeronautical Activity of any type shall be permitted on or from the leased premises. * The Operator shall not be permitted to dispense, sell or otherwise distribute fuels, propellants, or lubricants to any Entity. * The Operator shall not be permitted to sublease hangar, office, or shop space to any Entity.
2. Leased Premises	* The Operator shall lease an area designated for its personal and/or private use, on which the Operator shall either erect a building or hangar or lease an existing building or hangar of a size and design acceptable to the City for the Activities to be performed.

Operating Standard	Acceptable Minimum
2. Leased Premises (Continued)	* The leased premises shall only be used for the Operator's approved personal and private use. * Each Non-Commercial Operator shall: * If applicable, provide sufficient indoor or outdoor storage for Aircraft so as not to obstruct or impair the operation of the Airport or the enjoyment or use of the Airport by others; and * Provide all other utilities and support facilities as required.
3. Insurance	* Operator shall maintain, at a minimum, the following coverages and limits of insurance. * Comprehensive General Liability: $ 1,000,000.00 per occurrence for bodily injury, personal injury and and property damage. * Vehicle Liability: $ 1,000,000.00 per accident for bodily injury and property damage on all vehicles used for air side operations by Operator. * Aircraft Liability: $ 1,000,000.00 on all owned or operated Aircraft (or $ 100,000.00 per seat). * Employer's Liability: $ n/a per accident for bodily injury or disease. * City of Picayune is an additional insured.

SECTION V.

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A. APPLICATION REQUIREMENTS

A prospective Operator shall submit, in written form to the Manager of the Airport, at the time of and as part of its application, the following information and, thereafter, such additional information as may be requested by the City.

1. Intended Scope of Activities. As a prerequisite to occupancy on and the granting of all operating privilege at the Airport, the prospective Operator must submit a specific, detailed description of the scope of the intended Activities, and the means and methods to be employed to accomplish the contemplated Activities, which shall include, but not be limited to, the following:

a) The legal name of the Entity filing the application and its business name (if different);

b) The name, address and telephone number of the Entity and primary contact ;

c) The proposed date for commencement of the Activity and proposed term for conducting same;

d) A comprehensive listing of all Activities proposed to be offered, along with copies of all applicable federal, state or local operating certificates, permits and licenses currently held;

e) A list of certificates, permits and licenses to be sought, if any, as required;

f) For proposed Leases or Subleases of existing structures or improvements at the Airport, a description of the size, location, and proposed utilization of office, hangar, Tie-downs and/or automobile parking areas to be utilized;

g) For proposed Leases or Subleases of unimproved Airport areas, a layout (to scale) of the size, configuration, and location of the property desired to be occupied and a description and preliminary drawing of the building(s) and improvement(s) to be constructed, together with automobile parking to be available (as required) for the proposed Activities;

h) The number of persons to be employed, including the names and qualifications of each person, and specifications as to whether the employees will be full-time, part-time, or seasonal;

i) The number of Aircraft to be utilized in connection with the activities and the make, model, passenger seating capacity, cargo capacity, Aircraft registration number, and copies of applicable operating certificates for each Aircraft;

j) The tools, Equipment, vehicles, and inventory proposed to be utilized in connection with the proposed Activities;

k) A list of products to be sold or distributed (if any) and a list of manufacturer's or distributor's requirements for obtaining a dealership (if applicable);

l) A list of suppliers, subcontractors, and associates; and

m) A list of all fuel, chemicals and hazardous materials to be used or stored at theAirport and a description of all steps to be taken to ensure compliance with all applicable federal, state and local laws, rules and regulations governing use and storage of such fuel, chemicals and hazardous materials, including the Airport's Minimum Standards.

2. Financial Responsibility and Capability. The prospective Operator must provide a statement, as evidence of its financial responsibility, from an area bank or trust company or from such other source as may be acceptable to the City and readily verified through normal banking channels. The prospective Operator must also demonstrate the financial capability to initiate the Activities, construct and maintain the improvements proposed to be constructed, if any, and (if applicable) provide the working capital necessary to carry on the contemplated Activities once initiated. The demonstration of financial responsibilities and capabilities may, if reasonably required by the City, include cash flow and profit and loss projections for the first five years of the proposed operation, a 3-year historical profit and loss statement (if available), and current (within 60 days) balance sheet, all compiled by a licensed Mississippi Certified Public Accountant.

3. Experience. The prospective Operator shall furnish the City with a statement of its past experience in the specified Aeronautical Activities for which application is being made, including resumes of management individuals who will be directly responsible for- the proposed operation, together with business, financial, and managerial references. The foregoing information must be presented in a form satisfactory to the City.

4. Bonding and Insuring Capacity. The prospective Operator shall provide evidence in a form acceptable to the City of its ability to supply (i) a performance bond in an amount equal to 10% of the annual rental and/or fees established and agreed upon for conducting the Activities and entering into the Agreement or Lease sought (cash may be deposited in lieu of a performance bond) and (ii) the required insurance. Additional and supplemental information may be required by the City in cases where there is a formal competitive selection process.

5. Compliance with Minimum Standards. The prospective Operator shall provide the City with a written certificate signed by or on behalf of the Operator, stating that the prospective Operator has read and is familiar with the Airport's Minimum Standards and promises and covenants to comply with the Airport's Minimum Standards.

B. GROUNDS FOR DENIAL OF APPLICATION

The City may deny any application by a prospective Operator for any one (or more) of the following reasons:

1. The applicant for any reason does not meet fully the qualifications, standards, and requirements established herein, the burden of proof of compliance to be on the prospective Operator and the standard of proof to be by clear and convincing evidence;

2. The applicant's proposed Activities, operation or construction will create a safety hazard on the Airport;

3. The granting of the application will require the Airport to expend funds or supply labor or materials in connection with the proposed operation, or the operation will result in a financial loss to the Airport;

4. No appropriate, adequate, or available space or building exists at the Airport which would accommodate the entire operation of the applicant at the time of application, nor is such contemplated within a reasonable time thereafter;

5. The proposed operation, development, or construction does not comply with the Master Plan of the Airport (and/or ALP) then in effect or anticipated to be in effect within the time frame proposed by the applicant;

6. The development or use of the area requested by the applicant will result in a congestion of Aircraft or buildings or will unduly interfere with operations of Activities of any present Operator on the Airport and/or prevent adequate access, to their leased area;

7. The applicant has either intentionally or unintentionally misrepresented or omitted a material fact in the application or in supporting documents;

8. The applicant has failed to make full disclosure on the application or in supporting documents;

9. The applicant or an officer, director, agent, representative, shareholder or employee of applicant has a record of violating the rules and regulations of any other airport, FAA regulations, or any other federal, state or local laws, rules or regulation applicable to the Airport or applicant's proposed operations;

10. The applicant or an officer, director, agent, representative, shareholder or employee of applicant has defaulted in the performance of any Lease, Sublease or other Agreement at the Airport;

11. On the basis of current financial information, the applicant does not, in the sole discretion of the City, exhibit adequate financial responsibility or capability to undertake the proposed operation and Activities;

12. The applicant cannot provide a performance bond or applicable insurance in the amount and types required by the City for the proposed operations and Activities; or

13. The applicant or an officer, director, agent, representative, shareholder or employee of applicant has been convicted of any felony or of a misdemeanor involving moral turpitude.

C. EXTENSION OF TERM

1. No Change in Scope of Activities.

Upon expiration of the term of all Operator's Agreement or Lease with the City, the Operator may apply to extend such term and such application may be accepted by the City, without need to file a new application, provided that the Operator has no changes in the scope of the previously approved Aeronautical Activity(ies) and is in compliance with the Minimum Standards in place at the time of such request.

2. Change in Scope of Activities.

Upon expiration of the term of all Operator's Agreement or Lease with the City, the Operator may apply to extend such time. However, if the Operator intends to change or expand the scope of its Aeronautical Activity(ies) at the Airport, or if the City deems a new application to be appropriate for any reason, the Operator must submit a new application and demonstrate compliance with the Minimum Standards in place at the time of the new application.

RECESSED MEETING DATED OCTOBER 16, 2001

CITY OF PICAYUNE MUNICIPAL AIRPORT

PICAYUNE, MISSISSIPPI

Airport Rules and Regulations

BE IT RESOLVED by the City of Picayune, Councilmen, located in the County of Pearl River, and in the State of Mississippi that the Rules and Regulations governing the Picayune Municipal Airport, as hereinafter more particularly set out, be and are hereby approved by the Councilmen of the City of Picayune, Mississippi.

Section I

1.1 Unless from the context a different meaning in these regulations, the terms hereafter used shall be defined as follows;

"Owner" shall mean the City of Picayune, Mississippi, Picayune Municipal Airport.

"Airport" shall mean the Picayune Municipal Airport.

"Airport Manager" shall mean the person or representative of the City of Picayune having immediate charge at the airport.

"Person" shall mean an individual, partnership, firm, association or corporation.

"FAA" shall mean the Federal Aviation Administration.

"User" shall mean any person making use of the airport.

Section 2

2.1 The Airport Manager or Representative of the City of Picayune shall at all times have authority to take such reasonable action as may be necessary in the handling, conduct and management of the public in attendance at the airport and shall enforce these rules and regulations. If any contingencies not specifically covered by these rules and regulations arise, the Airport Manager shall be authorized to make such rules and orders and render such decision as to him my seem proper.

Section 3

3.1 The Owner has the right to and does hereby regulate all commercial enterprises using the airport as a basis of operation, whether such operation is aeronautical or non-aeronautical in nature. No commercial operation of any kind or type shall be conducted on the airport unless specifically authorized by the Owner.

3.2 The use of the airport or any of its facilities in any manner shall create an obligation on the part of the user thereof to obey all the rules and regulations herein provided by the owner. The privilege of using the airport shall be upon further condition that any person, persons, corporations, co-partnerships, or others desiring to use the same, shall furnish a policy of indemnity against personal injury and property damage in such reasonable sum as the owner shall require.

3.3 Any person violating any of the airport rules and regulations may be deprived of the use of the airport facilities for such period of time as determined by the Owner and/or Airport Manager.

3.4 No person shall solicit funds for any purpose and no signs, advertisements or circulars may be post or distributed at the airport without permission of the Owner and/or Airport Manager.

3.5 All garbage , refuse and other waste material shall be placed in receptacles provided for such purpose by the person, and no person shall destroy, remove or disturb in any way buildings, signs, equipment, markers or other property on the airport.

Section 4

Motor Vehicle Regulations

4.1 Unless authorized by the Airport Manager, no highway or automotive vehicle shall be operated on the Airport except on roadways, parking areas, etcetera, that are specifically designated for vehicles. Such vehicles shall be parked in the manner prescribed by the Airport Manager while on the Airport and as indicated by posted signs.

4.2 No surface vehicles shall be permitted on the runways, taxiways, aprons, or ramps without the express permission of the Airport Manager unless the operation of such vehicles is in

accordance with a prior agreement with the Owner to accomplish a necessary Airport purpose, service or inspection.

4.3 Fixed Base Operator customers shall park in areas designated by the Airport Manager (i.e., Overnight Parking Area).

4.4 When aircraft are parked on the ramp or apron for the purpose of loading or unloading, no vehicle shall be driven between the aircraft and any fueling vehicles while in the fueling process.

4.5 Every accident involving injury or property damage shall be reported as soon as possible to the Airport Manager.

4.6 No person shall operate any vehicle in a careless manner or negligent manner or in disregard for the safety of others or in excess of posted speed traffic signs. All persons are required to carry liability insurance on all vehicles used at the airport.

Section 5

5.1 The air traffic rules and aircraft operations regulations of the FAA as in effect and all additions thereto are made a part of these airport rules and regulations as if fully set forth herein.

5.2 Aircraft engines shall be started and run up only in the places designated for such

purposes. At no time shall engines be run up when hangars, vehicles, airplanes, or any buildings or persons are in the path of the propeller stream and/or jet exhaust.

5.3 No aircraft shall be parked, stored, washed, or repaired at the airport except in the areas designated for such use, or otherwise given permission by authorized Airport Management

5.4 At the direction of the Airport Manager, the operator, owner, or pilot of any illegally parked aircraft on the Airport shall move the aircraft from the place where it is parked or stored, to any other place designated on the Airport. If the operator refuses to comply with the directions, the owner, through the Airport Manager, may tow the aircraft to such place at the operator's expense and without liability for damage that may result from such moving.

5.5 In the event of an accident, the owner, through the Airport Manager, may in compliance with FAA and other governmental regulations, move damaged aircraft from the landing areas, ramps, aprons, or other areas at the expense of the aircraft owner and without liability for damage resulting from such moving.

5.6 The pilot of an aircraft involved in an accident on or near the Airport causing personal injury or property damage shall as soon as possible report said accident to the Airport Manager. In the event that he is unable to do so, the owner of aircraft or his/her agent shall

make such report.

5.7 Airport property damaged or destroyed by an accident or otherwise shall be paid for by the parties/persons responsible.

5.8 The Airport Manager shall have the authority to detain any aircraft for nonpayment of any charges or fees due.

5.9 No person shall taxi an aircraft until he/she has ascertained by visual inspection of the area that there will be no danger of collision with any person or object in the immediate area.

5.10 Aircraft shall be taxied at a safe and reasonable speed with due respect for other aircraft, persons or property.

5.11 All take-offs and landings shall be confined to the runways and all movement of a aircraft shall be confined to the hard surface areas.

5.12 No person or persons, except airmen, duly authorized personnel, passengers going to or from aircraft, or persons being personally conducted by Airport attendants shall be permitted to enter the landing area proper, taxi space, or aprons. However, this does not give any person, or persons so excepted the privilege of unrestricted use of the Airport. These privileges are confined to the necessary use of these spaces in connection with the flights, inspections and routine duties.

Section 6

Rules for Aircraft Fueling Operations

6.1 No aircraft shall be fueled or drained while the aircraft engine is running or while the aircraft is in a hangar or an enclosed area.

6.2 During all fuel operations the aircraft shall be grounded by an approved method.

6.3. Smoking or lighting of any open flame shall be prohibited within fifty (50) feet of any fueling operation.

6.4 Fueling operations shall be conducted and fuel trucks shall be parked at least fifty (50) feet from any hangar or building.

6.5 All fuel dispensing equipment shall be of a modern design and shall be kept in a safe and non-leaking condition.

Section 7

Fire Regulations

7.1 Smoking or lighting of an open flame is prohibited at places with posted signs, within fifty (50) feet of any aircraft and within fifty (50) feet of hangars, fuel trucks, or fuel loading stations and tank farms.

7.2 No person shall start an open fire any place on the Airport without permission of the

Airport Manager.

7.3 No person shall store material or equipment, use inflammable liquids or gases, or allow their premises to become in such condition so as to violate, in any manner, the fire code in force in the area of the Airport (i.e., City of Picayune Fire Codes)

7.4 Tenants of all hangars and buildings shall provide suitable fire extinguishers and equipment and they shall be kept in good condition as recommended by the Fire Department, and inspected at least every twelve (1 2) months. Also, all fire extinguishers must be properly mounted and have the current inspection care on them.

7.5 Tenants and persons are required to keep their premises clean and clear of all rubbish, junk, debris, old aircraft and vehicles, and any other unsightly objects. If after warning by the Airport Manager the area is not cleaned and cleared of unsightly described objects, cleaning will be done by the Airport Manager and billed to the tenant or person.

These Rules and Regulations as adopted by the Owner on the 17th day of October, 2000.

For the City of Picayune, Mississippi

By Woody Spiers
Mayor

ATTEST: Sabrina Diamond
Sabrina Diamond, City Clerk

EXHIBIT B

Form of Indenture

CITY OF PICAYUNE, MISSISSIPPI

TO

TRUSTMARK NATIONAL BANK
JACKSON, MISSISSIPPI

AS TRUSTEE

INDENTURE OF TRUST

Dated as of October 1, 2001

Relating to:
$1,000,000
City of Picayune, Mississippi
Industrial Development Revenue Bond
(Magnolia Air I, LLC Project)
Series 2001A
and
$1,770,000
City of Picayune, Mississippi
Industrial Development Revenue Bond
(Magnolia Air 1, LLC Project)
Series 2001B

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THIS INDENTURE OF TRUST made and entered into as of the 1st day of October, 2001, by and between the **CITY OF PICAYUNE, MISSISSIPPI** (hereinafter referred to as the "Landlord"), and Trustmark National Bank, Jackson, Mississippi, a state [or national] bank duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of Mississippi, with its principal office located in Picayune, Mississippi, as Trustee (hereinafter referred to as the "Trustee"), (capitalized terms used in the Indenture shall have the means specified in **Article I** hereof);

WITNESSETH:

WHEREAS, the Landlord is authorized and empowered pursuant to the provisions of the Act to issue revenue bonds in order to finance any project within the scope of its power and may pledge, mortgage, convey, assign or otherwise encumber any property relating to such project, and any revenues out of which such bonds shall be payable, all for the purpose of defraying the cost of the expansion to an industrial enterprise consisting of buildings, the construction of buildings, improvements, machinery and equipment for the maintenance and re-manufacturing of aircraft or other permissible products under Section 57-3-1 *et seq.* of the Act, as amended (all of which together constitute the "Project"); and

WHEREAS, the Landlord has, by resolution, authorized as a Project the acquisition of certain real property located in the City of Picayune, Mississippi, and installation of building structures, machinery, equipment and related facilities, as more fully described in the Lease Agreement; and

WHEREAS, the Landlord has heretofore acquired fee simple title to the Leased Land; and

WHEREAS, the Project is to be acquired, constructed and installed and leased to the Tenant on the terms and conditions set forth in the Lease Agreement; and

WHEREAS, the Landlord has determined to issue hereunder an initial bond to be designated the "City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) Series 2001A" in the aggregate principal amount of $1,000,000 and "the City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) Series 2001B" in the aggregate principal amount of $1,770,000, both for the purpose of providing funds to finance the cost of said Project; and

WHEREAS, the execution and delivery of this Indenture of Trust, and the issuance of the Bond under the Act as herein provided have been in all respects duly and validly authorized by resolution duly passed and approved by the Landlord; and

WHEREAS, all of the Bonds to be issued hereunder shall be in substantially the same form (except as to interest rate, redemption, sinking fund and other provisions peculiar to the Series 2001 Bonds and any Additional Bonds), the form of assignment to be endorsed thereon, and the Trustee's certificate of authentication to be endorsed on the Series 2001 Bonds are all to be in substantially the forms set forth in Exhibit A for the Series 2001A Bonds and Exhibit B for the Series 2001B Bonds with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture.

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Landlord according to the import thereof, and to constitute this Indenture a valid pledge of the rents, revenues and receipts and other security herein made to the payment of the principal of, premium, if any, and interest on the Bonds have been done and performed, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respect been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE OF TRUST WITNESSETH:

That the Landlord in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Landlord of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, assign, transfer and pledge unto the Trustmark National Bank, Jackson, Mississippi, as Trustee, and unto its successors in trust, and to its assigns forever, all right, title and interest of the Landlord in and to:

I.

The rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Landlord's name or in the name of the Trustee) the Landlord's remedies under the Lease Agreement, including, but not limited to the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement.

II.

All of the Landlord's right, title, interest and claim in and to the Sub-Lease Agreement.

III.

All of the Pledged Sub-Lease Rentals and other rents, revenues and receipts from the Project and pursuant to the terms of the Lease Agreement, (except that the Landlord retains the right to receive the Fixed Monthly Rent payable to the Landlord under Section 7.1(a) of the Lease Agreement), all of which shall be paid directly to the Trustee at the principal office of the Trustee for the account of the Landlord and deposited in the account therein designated as the Revenue Fund, as provided herein, and any income receivable by the Landlord from investment of such designated funds.

IV.

All moneys and securities on deposit from time to time in the Bond Fund (as hereinafter defined) and the Acquisition Fund (as hereinafter defined), subject to the provisions of this Indenture and the Lease permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein.

V.

Any and all other property of every name and nature (including, without limitation, any additional lease or leases covering the Project) from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Landlord or by anyone on its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

This Indenture and the rights and privileges of the Trustee and the holders of the Bonds are specifically made subject to and subordinate to the rights and privileges of the Landlord and the Tenant set forth in the Lease Agreement.

TO HAVE AND TO HOLD the same unto the Trustee and its successors in said trust and to it and its assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds;

PROVIDED, HOWEVER, that if the Landlord, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under **Article VI** hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee as permitted by **Article XIV** hereof the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said rents, revenues, receipts and all other moneys and securities here by pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Landlord has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. The terms set forth below shall have the following meanings in this Indenture, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

"Acquisition Fund" shall mean the fund created under **Section 4.01** of this Indenture.

"Act" shall mean the Planning, Research and Development Act, Chapter 3 of Title 57 of the Mississippi Code of 1972, Annotated, as amended.

"Additional Bonds" shall mean Bonds of any Series, other than the Series 2001 Bonds duly authenticated and delivered pursuant to this Indenture.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Tenant with respect to the Lease Agreement, this Indenture and the Bonds, including without limitation, the compensation and expenses paid to or incurred by the Trustee and any paying agent under the Lease Agreement or this Indenture provided, however, that no such expense shall be considered an Administration Expense until the Trustee, or paying agent as the case may be, has furnished to the Tenant a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Authorized Tenant Representative" shall mean any person at the time designated to act on behalf of the Tenant by a written certificate, signed on behalf of the Tenant by its members or member and furnished to the Landlord and the Trustee, containing the specimen signature of each such person.

"Bondholder" or "holder of the Bonds" or "holder" shall mean the Registered Owner of any registered Bond.

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Landlord authorized and issued by the Landlord, authenticated by the Trustee and delivered under this Indenture.

"Bond Closing Date" shall mean _____, 2001 or another date mutually agreed to by the Landlord and the Trustee.

"Bond Counsel" shall mean any recognized firm of Bond counsel acceptable to the Trustee and the Landlord.

The term "Outstanding under this Indenture" or "Outstanding hereunder" or "Outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in **Section 8.03** and **12.03** of this Indenture, as of any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Indenture, except:

(a) Bonds canceled or surrendered to the Trustee for cancellation pursuant to **Section 2.11** of this Indenture on or prior to such date;

(b) Bonds deemed to have been paid as provided in **Section 13.02** of this Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Trustee is presented that any such Bond is held by a bona fide purchaser in due course.

In determining whether the holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds which are owned by the Tenant or the Landlord shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

"Bond Fund" shall mean the fund created under **Section 5.02** of this Indenture.

"Bond Register" and "Bond Registrar" shall have the respective meanings specified in **Section 2.08** of this Indenture.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which the Trustee is not closed and on which the payment system of the Federal Reserve System is operational.

"Casualty/Condemnation Fund" shall mean the fund created under Section 4.01 of this Indentu

"Costs of Issuance" shall mean items of expense payable or reimbursable by or indirectly by t Tenant and related to the authorization, sale and issuance of the Bonds and execution and delivery of th indenture and the Lease Agreement, which items of expense shall include, but not be limited to, printing costs costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, underwriters discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees anc charges for execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" shall mean the fund created under Section 4.01 of this Indenture.

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered.

"Cost" or "Costs" when used in connection with the Project, or any enlargements, improvements or extensions of such Project, shall be deemed to include, to the extent provided by the Act, whether incurred prior to or after the date of the Lease Agreement, (a) obligations of the Tenant or any affiliate of the Tenant incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be necessary or desirable during the course of construction of the facilities being acquired, constructed or installed by Tenant which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Tenant and any affiliate of the Tenant for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, which are not otherwise provided for under the terms of the Lease Agreement; (e) all other costs which the Tenant or any affiliate of the Tenant shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or otherwise), construction or installation of the facilities, and the site therefor, being acquired, constructed or installed; (f) any sums required to reimburse the Tenant or any affiliate of the Tenant for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the facilities, and the site therefor, being acquired, constructed or installed including expenses reimbursable to Magnolia Air I, LLC for travel and related expenses including a developer fee of $_____; (g) any amount designated by the Tenant for deposit in the Bond Fund for payment of interest on the Series 2001 Bonds to a date not later than six months following the completion and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds; and (h) payment of any other costs and expenses paid or incurred by Tenant relating to the construction of the Project and financing thereof; provided, however, notwithstanding anything to the contrary provided herein or in the Lease Agreement, the Bonds, the Deed of Trust or any other agreements or documents executed in connection herewith, it is understood and agreed that the term "Cost" shall not include, and that the proceeds of the Bonds shall not be used to pay or reimburse, any costs or expenses paid or incurred by the Landlord in connection with the construction, installation or maintenance of the Site Work or the Tenant's Easements or the performance of the Landlord's other covenants and agreements in the Lease Agreement.

"Deed of Trust" shall mean that certain leasehold deed of trust and any other leasehold deed of trust from the Tenant to _____, as deed of trust Trustee for the benefit of the Trustee under Trust Indenture dated as of the date of issue and delivery of the Bonds.

"Event of Default" shall mean any Event of Default specified in **Section 9.01** of this Indenture.

"Government Obligations" shall mean (a) direct obligations of the United States of America or any agency thereof for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations the payment of the principal of, premium, if any, and interest on which in the opinion of the Attorney General of the United States of America is fully and unconditionally guaranteed by the full faith and credit of the United States of America, or (c) repurchase agreements 100% secured by obligations described in clause (a) or (b) above.

"Indenture" shall mean this Indenture of Trust, between the Landlord and Trustmark National Bank, Jackson, Mississippi, as amended or supplemented from time to time in accordance with the terms hereof.

"Interest Payment Date" shall mean each date on which interest on the Bonds of any Series is due and payable.

"Landlord" shall mean the City of Picayune, Mississippi, and any successor to its duties and functions.

"Lease Agreement" shall mean the Lease Agreement dated March 29, 2001, between the Landlord and the Tenant, as amended by the Amended and Restated Lease Agreement dated as of October 1, 2001, between the Landlord and the Tenant and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions thereof and this Indenture.

"Lease Term" shall mean the duration of the leasehold estate created in the Lease Agreement including any renewals or extensions thereof.

"Leased Facilities" shall mean the facilities described in Exhibits A & B to the Lease Agreement, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications.

"Leased Land" means the interest in real estate described in Exhibit A to the Lease Agreement, which by this reference is incorporated herein, together with all additions thereto and substitutions therefor.

"Net Proceeds" shall mean the amount received by the Landlord from the sale and issuance of the Bonds less the amount of such proceeds applied to pay legal, accounting, financial, advertising, recording and printing expenses and all other expenses incurred in connection with the issuance of the Bonds. Net Proceeds shall not include investment earnings on proceeds of the Bonds.

"Officers' Certificate" shall mean a certificate signed by the Mayor of the City of Picayune, Mississippi, acting for the Landlord, and by the Clerk of the City of Picayune, Mississippi.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Tenant, or bond counsel, or may be other counsel satisfactory to the Trustee.

"Paying Agent" shall mean any paying agent for the Bonds (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of this Indenture.

"Permitted Encumbrances" shall mean and include: Buffer zone easement to United States of America dated September 28, 1964, and recorded in Book 170 at Page 544 in the Office of the Chancery Court of Pearl River County, Mississippi.

"Pledged Sub-Lease Rentals" shall mean the Base Rent payable by Chevron under Section 4.1(a) of the Sub-Lease Agreement, Chevron's tax contribution under Section 14.2 of the Sub-Lease Agreement, and Chevron's insurance contribution under Section 15.3 of the Sub-Lease Agreement.

"Principal Payment Date" shall mean any date on which the principal of any Bond shall mature (including any acceleration of maturity due to an Event of Default pursuant to **Section 9.01** of this Indenture) or be redeemed.

"Project" shall mean the Leased Land and the Leased Facilities, as they may at any time exist.

"Refunding Bonds" shall mean any Additional Bonds issued for refunding purposes pursuant to **Section 3.04** hereof.

"Registered Owner" shall mean the Person or Persons in whose name or names the particular registered Bond shall be registered on the Bond Register.

"Remarketing Agent" shall mean Duncan Williams, Inc., Memphis Tennessee.

"Revenue Funds" shall mean the fund created under Section 4.01 of this Indenture.

"Revenues" shall mean all of the Pledged Sub-Lease Rentals and other rents, revenues and receipts from the Project and pursuant to the terms of the Lease Agreement, (except that the Landlord retains the right to receive the Fixed Monthly Rent payable to the Landlord under Section 7.1(a) of the Lease Agreement).

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bond, pursuant to the provisions of this Indenture, regardless of variations in maturity, interest rate, or other provision.

"Series 2001 Bonds" shall mean the Series 200 A Bonds and the Series 2001B Bonds.

"Series 2001A Bonds" shall mean the City of Picayune, Industrial Development Revenue Bonds (Magnolia Air I, LLC Project), Series 2001A in the aggregate principal amount of $1,000,000 initially authorized to be issued pursuant to **Section 2.02** of this Indenture.

"Series 2001B Bonds" shall mean the City of Picayune, Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) Series 2001B, in the aggregate principal amount of $1,770,000 initially authorized to be issued pursuant to **Section 2.02** of this Indenture.

"Sub-Lease Agreement" shall mean the Sub-Lease Agreement by and between Magnolia Air I, LLC, a Mississippi limited liability company and Chevron U.S.A., Inc., a Pennsylvania Corporation dated as of the 24th day of May, 2001.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplementary to or amendatory of this Indenture as originally entered into which is duly entered into in accordance with the provisions of this Indenture.

"Surplus Fund" shall mean the fund created under Section 4.01 of this Indenture.

"Tax and Insurance Fund" shall mean the fund created under Section 4.01 of this Indenture.

"Tenant" shall mean Magnolia Air I, LLC, a Mississippi limited liability company, or any legal entity which is the surviving, resulting or transferee legal entity in any merger, consolidation or transfer of assets permitted under the Lease Agreement.

"Tender Agent" shall mean Duncan Williams, Inc., Memphis, Tennessee.

"Trustee" shall mean the Trustmark National Bank, Jackson, Mississippi (and its corporate successors) and its successors hereunder.

ARTICLE II

DESCRIPTION; AUTHORIZATION; MANNER OF EXECUTION; AUTHENTICATION; REGISTRATION AND TRANSFER OF BONDS

SECTION 2.01. Issuance of Bonds in one or more Series. The Bonds may, at the election of the Landlord, be issued in one or more Series and, except as hereinafter provided, shall be designated generally as "Taxable Industrial Development Revenue Bonds (Magnolia Air I, LLC Project)", with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Landlord may determine. Each Bond shall bear upon the face thereof the designation so selected for the Series to which it belongs.

SECTION 2.02. Creation and Particulars of Series 2001 Bonds. There shall be issued under and secured by this Indenture a Bond to be designated "City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds (Magnolia Air I, LLC Project), Series 2001A Bonds" and "City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds (Magnolia Air 1, LLC Project) Series 2001B."

The Series 2001 Bonds shall be issued and secured by and in accordance with this Indenture in the aggregate principal amount of $1,000,000 for the Series 2001A Bonds and in the aggregate principal amount of $1,770,000, for the purpose of financing the Cost of the Project; shall be dated the date of the authentication and delivery thereof, and shall be payable in one principal installment of $_____ payable on October 1, 2016. Except as otherwise provided below, the Series 2001A Bond shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2002) at LIBOR, plus two hundred fifty (250) basis points. Except as otherwise provided below, the Series 2001B Bonds shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2016) at LIBOR, plus two hundred twenty-five (225) basis points. For purposes of both these rates, "LIBOR" shall mean the interest rate published in *The Wall Street Journal* two (2) Business Days prior to the Interest Payment Date in United States Dollars at the London Interbank Offered Rate ("LIBOR") and such rate shall be recalculated on the first Business Day of each third month thereafter. Interest shall be computed as if a calendar year consisted of three hundred sixty (360) days and charged on a daily basis. The initial rate on the 2001A Bond is _____%, the initial rate on the 2001B Bonds is _____% and in no event shall the interest rate on the Series 2001 Bonds, both for the Series 2001B Bonds exceed 13% per annum.

In the manner and with the effect provided in this Indenture, the Series 2001 Bonds will be subject to redemption prior to maturity, subject to the provisions of **Article VIII** of this Indenture.

The Series 2001 Bonds shall be subject to redemption by the Landlord, at the option of the Tenant and on any redemption date selected by the Tenant in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date upon receipt by the Trustee not less than thirty (30) days prior to such redemption date of a written direction from the Tenant, stating that it intends to exercise its option to prepay the payments due under the Lease Agreement in whole

or in part and thereby effect redemption of such Series 2001 Bonds. Provided that in no event shall the Bond be subject to such optional redemption prior to the earlier of October 1, 2003 or six (6) months after the Completion Date.

The Series 2001 Bonds shall be a nonregistered security pursuant to the exemption contained in Section 3(a)(2) of the Securities Act of 1933 and will be issued pursuant to an opinion of counsel that (i) such Series 2001 Bonds will be exempt from registration under the Securities Act of 1933 and (ii) under existing law the interest on such Series 2001 Bonds will be exempt from State of Mississippi income tax.

To the extent permitted by applicable law, the Series 2001 Bonds may only be resold or offered for resale to bona fide financial institutions acting for their own account or to the Tenant.

The Series 2001A Bonds and the Series 2001B Bonds shall be numbered consecutively RA-1 and RB-1 respectively. The Series 2001A Bond shall be in the denomination of $_____ and the Series 2001B Bonds shall be in the denomination of $_____. The Series 2001 Bonds may be issued in printed, lithographed or typewritten form.

The principal of the Series 2001 Bonds which has matured shall be payable to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Trust Office for such purpose. The interest on the registered Series 2001 Bonds when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal and interest on the Series 2001 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Trustee shall not have any responsibility for ascertaining or verifying whether the Series 2001 Bonds is resold or offered for resale to bona fide financial institutions acting for their own account.

SECTION 2.03. Remarketing of Series 2001B Bonds.

(a) Upon receipt of any notice given pursuant to Section 7.01(b) that any Series 2001B Bonds may be tendered for purchase in accordance with Section 7.01, the Remarketing Agent shall, unless otherwise directed by the Tenant, use its best efforts to remarket such Bonds (or portions thereof in authorized denominations) for purchase on or after the Optional Tender Date at a price of one hundred percent (100%) of the principal amount of such Series 2001B Bonds. The Remarketing Agent shall promptly transfer to the Trustee the proceeds of the remarketing of such Series 2001B Bonds. All proceeds so transferred to the Trustee shall be promptly deposited in the Bond Fund and applied by the Trustee in accordance with the provisions of Section 5.02 hereof. In the event that such proceeds are not received by the Trustee by 2:00 p.m., prevailing Central time, on any Business Day, the Trustee shall not deliver any Bonds to purchased with such proceeds, until the next succeeding Business Day.

(b) The Remarketing Agent shall not be required to remarket any of the Series 2001B Bonds pursuant to this Section if it has actual knowledge that an Event of Default under subsection (c) and (d) of Section 9.01 hereof shall have occurred and be continuing hereunder with respect to the Bonds.

SECTION 2.04. Form of Bonds.

(a) The Series 2001A Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth in **Exhibit A** attached hereto and the Series 2001B Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth in **Exhibit B** attached hereto with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks

of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of the Bonds.

(b) The Bonds shall be in either typewritten or printed form, as the Tenant with the written consent of the Bank shall direct, on behalf of the Landlord, provided that any expenses insured in connection therewith shall be paid by the Tenant.

SECTION 2.05. Provisions of Bonds Other than Series 2001 Bonds. Subject to determination from time to time by the Landlord, as expressed from time to time in one or more Supplemental Indentures, the Bonds of any Series other than the Series 2001 Bonds:

(a) shall be dated, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times as may be provided in the Supplemental Indenture creating the Series of which such Bonds are a part;

(b) shall be payable, both as to principal and interest and redemption premium (if any), at such place or places as the Landlord may determine in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts;

(c) may have such registration privileges and such exchange privileges as may be determined by the Landlord;

(d) shall have such particular designations added to their title as the Landlord may determine, and may be in such denominations as may be determined by the Landlord;

(e) may be limited as to the maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time Outstanding, and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such Series;

(f) may contain provisions for the redemption thereof at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of **Article VII** of this Indenture and the terms of the Lease Agreement, as may be determined by the Landlord and permitted by applicable law;

(g) may have mandatory provisions requiring payments for the purchase and sinking fund redemption of such Bonds, in such amounts at such time or times, in such manner and upon such terms and conditions, not inconsistent with the provisions of this Indenture, as shall be set forth in such Supplemental Indenture; and

(h) may contain such provisions with respect to acceleration of maturity on the happening of specified events, and such other special terms and conditions, not contrary to the provisions hereof or of the Act, as may be determined by the Landlord.

SECTION 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Landlord may execute, and upon its request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal

amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond, or in lieu of and substitution for such lost, stolen or destroyed Bond.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Trustee at the Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Landlord, to the Tenant (to the extent obtainable) and to the Trustee such security or indemnity as may be required by them to hold each of them and any Paying Agent harmless. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to the Landlord and to the Trustee evidence to their satisfaction of the loss, theft or destruction and of the ownership of such Bond. In every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated.

Notwithstanding the foregoing provisions of this **Section 2.06**, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium (if any) or interest on the Bonds, the Landlord, with the consent of the Trustee, may authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) instead of issuing a substitute Bond provided security or indemnity is furnished as above provided in this **Section 2.06**.

Upon the issuance of any substitute Bond, the Landlord and the Trustee may charge the holder of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond issued pursuant to the provisions of this **Section 2.06** by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Landlord, whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionally with any and all other Bonds duly issued under this Indenture to the same extent as the Bonds in substitution for which such Bonds were issued.

The provisions of this **Section 2.06** are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.07. Temporary Bonds. Until Bonds in definitive form of any Series are ready for delivery, the Landlord may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described in this **Article II** and with appropriate omissions, variations and insertions. Bonds in temporary form will be for such principal amounts as the Landlord shall determine.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. The Landlord shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of such Bond or Bonds in temporary form to the Trustee at the Corporate Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same maturity and Series, in definitive form in the authorized denominations, and for the same aggregate principal amount, as such Bond or Bonds in temporary form surrendered. Such exchange shall be made at the Landlord's own expense and without making any charge therefor to any Bondholder.

SECTION 2.08. Execution of Bonds; Effect of Change of Officers. All the Bonds shall, from time to time, be executed on behalf of the Landlord by, or bear the manual or facsimile signature of, the Mayor of the City of Picayune, Mississippi, acting for the Landlord, and the Landlord's official seal (which may be facsimile) shall be thereunto affixed (or imprinted or engraved if facsimile) and attested by the manual or facsimile signature of the Clerk of the City of Picayune or any Deputy Clerk of the Landlord, provided at least one signature is manual.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the Landlord before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Landlord, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer or officers of the Landlord; and also any such Bond may be signed and sealed on behalf of the Landlord by those persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Landlord, although at the date of such Bond any such person shall not have been such officer of the Landlord.

SECTION 2.09. Interchangeability of Bonds.

Bonds, upon surrender thereof at the Corporate Trust Office with a written instrument of transfer in form satisfactory to the Bond Registrar, duly executed by the Registered Owner or his attorney duly authorized in writing, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in **Section 2.09** of this Indenture, be exchanged for registered Bonds of the same Series and maturity of any other authorized denomination and registered in the name of the same Registered Owner.

SECTION 2.10. Negotiability; Registration and Transfer.

(a) The transfer of Bonds shall be registered on the Bond Register, which shall be kept for this purpose at the Corporate Trust Office, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in **Section 2.11** of this Indenture. Upon any such registration or transfer, the Landlord shall issue in the name of the transferee a new registered Bond or Bonds of the same Series and maturity in an aggregate principal amount of such registered Bond. The Trustee is hereby designated as the Bond Registrar.

(b) The Landlord, the Trustee, and the Bond Registrar and any Paying Agent may deem and treat the Registered Owner of any registered Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the Lease Agreement, whether such Bond shall be overdue or not, and neither the Landlord, nor the Trustee, nor the Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and premium, if any, and interest on any registered Bond shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) All Bonds issued under this Indenture, shall have such attributes of negotiability as are provided for under the laws of the State of Mississippi.

SECTION 2.11. Regulations with respect to Exchange and Transfer. In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Landlord shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or upon any such registration or transfer shall forthwith be delivered to the Trustee and canceled by it. There shall be no charge for any exchange or registration or transfer of Bonds, but the Landlord may require the payment, from the Registered Owner, of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or

registration of transfer. Neither the Landlord nor the Trustee shall be required (a) to register the transfer of or exchange any Bond for a period of ten (10) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of sixty (60) days next preceding any selection of Bonds of the same Series and maturity as such Bond to be redeemed and thereafter until after the first publication or mailing of any notice of redemption or (c) to register the transfer or exchange any Bond called for redemption in whole or in part.

SECTION 2.12. Endorsement of Trustee's Certificate of Authentication on Bonds. No Bond shall be secured by this Indenture or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond the Trustee's certificate of authentication, substantially in the form prescribed in this Indenture, executed by the manual signature of a duly authorized officer of the Trustee; and such certificate on any Bond issued by the Landlord shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered under this Indenture.

SECTION 2.13 Cancellation of Bonds. Upon the surrender to the Trustee of any temporary or mutilated Bond, or any Bond transferred or exchanged for another Bond or Bonds, or any Bond acquired, redeemed, or paid at maturity, the same shall forthwith be canceled and, at the written request of the Landlord, be cremated or otherwise destroyed by the Trustee, and the Trustee shall, if such Bond is so cremated or destroyed, deliver its certificate of such cremation or other destruction to the Landlord.

SECTION 2.14. Bonds are Limited Obligations of Landlord. The Bonds, together with the interest thereon, are limited obligations of the Landlord payable solely from the Revenues and receipts derived by the Landlord from or in connection with the Project, including payments received under the Lease Agreement and the Sub-Lease Agreement and the other security pledged therefor under the Indenture. The Bonds and the interest thereon do not constitute nor give rise to a pecuniary liability of the Landlord or a charge against its general credit or taxing powers. The Bonds and the interest thereon do not create an indebtedness against the State of Mississippi or the City of Picayune. Neither the faith and credit nor the taxing power of the State of Mississippi or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

ARTICLE III

AUTHENTICATION AND DELIVERY OF BONDS

SECTION 3.01. *Limitation of Principal Amount of Bonds; Bonds Equally and Ratably Secured.* The aggregate principal amount of Bonds which may be executed by the Landlord and authenticated by the Trustee and delivered and secured by this Indenture is not limited, except as is or may hereafter be provided in this Indenture or as may be limited by law. This Indenture creates and shall be and constitute a continuing, irrevocable lien upon, and pledge of, the Revenues, the proceeds received by the Landlord from the sale of the Bonds, the other security pledged hereunder and the income earned by the investment of funds under this Indenture to the extent provided in this Indenture. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds, or any of them, so that, subject as aforesaid, all Bonds at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had been all executed, authenticated and delivered simultaneously on the date hereof, whether the same or any of them, shall be disposed of at some future date, or whether they, or any of them, shall have been authorized to be authenticated and delivered under **Section 3.02** of this Indenture or may be authorized to be authenticated and delivered hereafter pursuant to **Article II** of this Indenture.

SECTION 3.02. Series 2001 Bonds to be Authenticated and Delivered by Trustee Upon Receipt of Certain Items. The Series 2001A Bonds in the aggregate principal amount of One Million Dollars ($1,000,000), and the Series 2001B Bonds in the aggregate principal amount of One Million Seven Hundred Seventy Thousand Dollars ($1,770,000) being the first two Series of Bonds issued under this Indenture, shall forthwith be executed by the Landlord and delivered to the Trustee for authentication, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of said Series 2001A Bonds and said Series 2001B Bonds, and thereupon the Series 2001 Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of the Mayor of the City of Picayune, Mississippi acting for the Landlord, but only upon the receipt by the Trustee of the aforesaid proceeds of sale of which an amount equal to the interest on said Series 2001 Bonds, if applicable, accrued to the date of delivery thereof shall be deposited in the Bond Fund and the balance thereof shall be deposited in the Acquisition Fund. Prior to authentication and delivery of the Series 2001 Bonds by the Trustee, the Trustee shall also have received the following:

(a) A copy of the resolution or resolutions adopted by the Landlord providing for the terms and details of the Series 2001 Bonds, duly certified by the Mayor of the City of Picayune, Mississippi, under the Landlord's official seal, to have been adopted by the Landlord and to be in full force and effect on the date of such certification;

(b) A copy of this Indenture, duly certified by the Clerk of the City of Picayune, Mississippi, under its official seal, to have been duly approved and executed by the Landlord and to be in full force and effect on the date of such certification;

(c) An Opinion of Counsel, addressed to the Trustee, the Landlord, and the Tenant as to the validity of the issuance of the Series 2001 Bonds and as to the income tax status of the interest on such Series 2001 Bonds under the laws of the State of Mississippi;

(d) An original executed counterpart of the Lease Agreement;

(e) An original executed counterpart of the Sub-Lease Agreement;

(f) An original executed counterpart of the Deed of Trust;

(d) Title Insurance commitment in favor of Trustee; and

(e) An original executed counterpart of the Assignment of the Sub-Lease Agreement.

SECTION 3.03. Issuance of Additional Bonds with Respect to Project. Subsequent to the authentication, issuance and delivery of the Series 2001 Bonds, subject to the consent of the holder or holders of the Series 2001 Bonds and satisfaction of the other condition set forth herein one or more Series of Additional Bonds may be authenticated by the Trustee and delivered upon original issuance for the purpose of providing funds to pay any one or more of the following (i) the Cost of completion of the Project and (ii) the Cost of making, at any and from time to time, such substitutions, additions, modifications, improvements, enlargements and expansions in, on or to the Project as the Tenant may deem desirable. Unless otherwise provided in any Supplemental Indenture relating to Additional Bonds, such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then Outstanding. The Landlord may execute and deliver to the Trustee, and Trustee shall thereupon authenticate such Additional Bonds and deliver them to the purchaser or purchasers thereof, provided that, prior to such delivery, there shall have been delivered to the Trustee:

(a) A copy of the Supplemental Indenture entered into by the Landlord and the Trustee authorizing such Additional Bonds and, providing for the terms and conditions upon which such Bonds are to be issued and a copy of the resolution of the Landlord authorizing execution and delivery by the Landlord of such Supplemental Indenture and any agreement which is necessary to amend the Lease Agreement to (i) increase or adjust the rentals to be made under the Lease Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal of and interest on all Outstanding Bonds, including such Additional Bonds (except to such extent as the same may be payable out of moneys then in the Bond Fund or otherwise on deposit with the Trustee in accordance with this Indenture), (ii) include as part of the Project all machinery, equipment, facilities, land and rights in land to be financed by the issuance and lease of such Additional Bonds, and (iii) make such other revisions to the Lease Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not prejudice the rights of the holders of Outstanding Bonds as granted them under the terms of this Indenture. Such documents and resolutions shall be duly certified by the Clerk of the City of Picayune, Mississippi, under the Landlord's official seal, to have been duly entered into or adopted by the Landlord and to be in full force and effect on the date of such certification, together with a duly executed counterpart of such Supplemental Indenture, amendatory agreement and resolution;

(b) A written statement by the Tenant (i) approving the issuance and delivery of such Additional Bonds and (ii) certifying that the Tenant is not then in default under the Lease Agreement;

(c) A written statement by the holder or holders of the Series 2001 Bonds consenting to the issuance and delivery of such Additional Bonds.

(d) Copies, duly certified by the Clerk of the City of Picayune, Mississippi, of any approvals required under the Act for the issuance of such Additional Bonds;

(e) An opinion of counsel to the Landlord, addressed to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Indenture, the

Supplemental Indenture and the Act have been satisfied and with respect to such other matters as the Trustee may reasonably request;

(f) A written order by the Mayor of the City of Picayune, Mississippi, requesting and authorizing the Trustee on behalf of the Landlord to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum specified therein as the amount of the proceeds of the sale of the Additional Bonds being sold which shall include an amount equal to any accrued interest to the date of delivery of such Additional Bonds; and

(g) An Opinion of Counsel experienced in matters relating to the validity of and state tax exemption of interest on the obligations of states and their political subdivisions addressed to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Indenture and the Supplemental Indenture authorizing such Additional Bonds have been satisfied.

The proceeds of such Additional Bonds shall be deposited with and held and disbursed by the Trustee as provided in the Supplemental Indenture providing for such Additional Bonds.

SECTION 3.04. Issuance of Additional Bonds for Refunding Purposes. The Landlord, if and to the extent authorized by law, in addition to the Bonds authorized to be executed, authenticated and delivered pursuant to the other provisions of the **Article III**, may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate and deliver to or upon the written order of the Mayor of the City of Picayune, Mississippi, Additional Bonds, which shall be on parity with and secured in the same manner as all other Bonds then Outstanding, for the purpose of refunding all or any part of the Bonds of any one or more Series issued under the provisions of this Indenture and then Outstanding, but only upon the receipt by the Trustee of;

(a) a copy of a resolution or resolutions adopted by the Landlord describing the Series of Bonds to be refunded and authorizing all necessary action in connection with the refunding thereof pursuant to the provisions of this Indenture and stating the estimate by the Landlord of its expenses in connection with the issuance of such Additional Bonds, certified by the Clerk of the City of Picayune, Mississippi, under the Landlord's official seal to have been duly adopted by the Landlord and to be in full force and effect on the date of such certification;

(b) evidence satisfactory to the Trustee that notice of redemption of the Bonds to be redeemed has been published or given as provided in this Indenture, or that provisions satisfactory to the Trustee have been made for the publication or giving of such notice; and

(c) the proceeds (including accrued interest and any premium) of such Additional Bonds and investment income therefrom as provided in **Section 13.02** hereof, if any, which, exclusive of accrued interest shall be not less than an amount sufficient (together with any other moneys available to the Trustee for such purpose) to pay in accordance with **Section 5.03** of Indenture any interest on the Bonds of each Series to be refunded to maturity or to date fixed for redemption thereof, the principal of and the redemption premium (if any) on the Bonds to be refunded, plus the amount estimated by the Landlord as necessary for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds.

The amount estimated by the Landlord for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds shall be set aside by the Trustee out of such proceeds and applied by it in payment of such expenses upon receipt of an Officers' Certificate in substantially the form of the requisition described in **Section 4.03** of this Indenture. The balance of such

proceeds shall be held and applied by the Trustee in the manner hereinafter in this **Section 3.04** set forth. Any amount of the moneys set aside for the payment of such expenses remaining after receipt of any Officers' Certificate to the effect that all such expenses have been paid or provided for shall be transferred by the Trustee to the Bond Fund.

Simultaneously with the delivery of such Additional Bonds, the Trustee shall withdraw from any sums then available for payment of interest on the Bonds to be refunded an amount sufficient (together with any excess of the proceeds of such Additional Bonds over the amount required for paying the principal of and the redemption premium (if any) on the Bonds to be refunded, after excluding from such proceeds accrued interest and excluding the amount set aside for the payment of the expenses of the Landlord in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) to pay the interest on the Bonds to be refunded which will become payable on or prior to their maturity or the date fixed for their redemption, as the case may be. The amount so withdrawn and the proceeds of such Additional Bonds (excluding accrued interest and the amount set aside for the payment of the expenses of the Landlord in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of and interest and redemption premium (if any) on the Bonds to be refunded. The amount paid as accrued interest on such Additional Bonds shall be deposited by the Trustee in the Bond Fund.

ARTICLE IV
CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 4.01. Creation of Funds and Accounts. There is hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Landlord to be designated as follows:

(a) The Bond Fund;

(b) The Acquisition Fund;

(c) The Costs of Issuance Fund;

(d) The Revenue Fund;

(e) The Casualty/Condemnation Fund;

(f) The Tax and Insurance Fund;

(g) The Surplus Fund.

Section 4.02. Deposit of Bond Proceeds and Other Moneys. The net proceeds received from the sale of the Bonds of $_____, shall be deposited or paid simultaneously with the delivery of the Bonds, as follows:

(a) There shall be deposited in the Bond Fund any amount received on account of accrued interest on the Bonds pursuant to **Section 5.01** and for capitalized interest due during the construction period in the amount of $_____;

(b) There shall be deposited the sum of $_____ from the proceeds of the Bonds and in the Costs of Issuance Fund to be used to pay the Costs of Issuance, including any unpaid Underwriter's fee; and

(c) $_____ representing the balance of the proceeds of the Bonds, will be deposited in the Acquisition Fund and used solely to finance the Costs of the Project as provided in **Section 5.06.**

All moneys representing Bond proceeds remaining in the Acquisition Fund after the payment of such Project Costs will be transferred to the Bond Fund and used to pay, redeem or purchase Bonds in accordance with **Section 5.07.**

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Deposits into the Bond Fund. The Trustee shall deposit into the Bond Fund, as and when received, the following:

(a) Any accrued interest or premium paid by the purchasers of the Bonds and $_____ for interest due on the Bonds during construction of the Project;

(b) All amounts transferred by the Trustee from the Revenue Fund to the Bond Fund pursuant to **Section 5.09** hereof;

(c) All interest and other income derived from investments of Bond Fund moneys as provided in **Section 6.03** hereof; and

(d) All other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement (including amounts transferred from the Acquisition Fund as provided in **Section 5.07** hereof, from the Casualty/Condemnation Fund as provided in **Section 5.10** hereof, and from the Surplus Fund as provided in **Section 5.12** hereof) when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund.

Section 5.02. Application of Moneys in the Bond Fund.

(a) Except as provided in subsection (d) of this Section hereof, moneys in the Bond Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity. The Tenant shall have no right, title or interest in any amounts in the Bond Fund so long as any Bonds are Outstanding.

(b) The Landlord hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable.

(c) The Trustee, upon written direction of the Landlord delivered at the request of the Tenant shall use any moneys in the Bond Fund to redeem all or part of the Bonds Outstanding, and to pay interest accruing thereon prior to such redemption, in accordance with and to the extent permitted by **Article VII** hereof so long as the Tenant is not in default with respect to

any payments under the Lease Agreement and to the extent said moneys are equal to or in excess of the amount required to be used for the payment of Bonds and the premium, if any, and accrued interest thereon which have matured or been called for redemption, and with respect to payments of accrued interest when such Bonds have not been presented for payment.

(d) After payment in full of the principal of, premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as provided in this Indenture), and of the fees, charges and expenses of the Trustee and the Landlord, and any other amounts required to be paid under this Indenture and the Lease Agreement, all amounts remaining in the Bond Fund shall be paid to the Tenant.

Section 5.03. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, a Sunday or a legal holiday or a day on which banking institutions in Picayune, Mississippi are authorized by law to close, then payment of principal of, premium, if any, or interest on the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or a day upon which banking institutions in Picayune, Mississippi are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 5.04. Non-presentment of Bonds. In the event that any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Landlord to the Owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five (5) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Tenant the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Tenant, and the Owner thereof shall be entitled to look only to the Tenant for payment, and then only to the extent of the amount so repaid, and the Tenant shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 5.05. Acquisition Fund.

The following funds shall be paid over to and deposited by the Trustee into the Acquisition Fund, as and when received:

(a) Proceeds from the sale of the Bonds, as provided in **Section 4.02.**

(b) The earnings accrued on the investment of moneys in the Acquisition Fund.

(c) Any other money received by or to be paid to the Trustee pursuant to this Indenture or the Lease Agreement, or from any other source for the financing of the Project when accompanied by directions from the Tenant that such moneys are to be deposited into the Acquisition Fund.

Section 5.06. Disbursements from the Acquisition Fund.

(a) In accordance with subsection (b) hereof, the moneys in the Acquisition Fund shall be disbursed by the Trustee to reimburse the Tenant for the Costs of acquiring the Project pursuant to **Section 10.8** of the Lease Agreement. The Trustee hereby covenants and agrees to disburse such moneys in accordance with such provisions.

(b) The Trustee shall keep and maintain records pertaining to the Acquisition Fund, earnings thereon and all disbursements therefrom, and until the acquisition of the Project has been completed, shall provide monthly statements of income and disbursements thereof to the Landlord, the Tenant and the Bondholder.

Section 5.07. Disposition of Moneys Remaining in Acquisition Fund upon Completion of the Project. The completion of the Project and payment of all Costs and expenses incidental thereto shall be evidenced by the filing with the Trustee by the Tenant of the certificate required by **Section 10.8** of the Lease Agreement. As soon thereafter as practicable, any balance remaining in the Acquisition Fund shall without further authorization be deposited in the Bond Fund and applied by the Trustee as directed by the Tenant solely to the payment of principal, premium, if any, and interest on the Bonds through the payment or redemption thereof at the earliest date permissible under the terms of this Indenture. Any earnings on such investments may be applied to pay the principal of, premium, if any, or interest on the Bonds. From time to time as the proper disposition of the amounts retained by the Tenant and specified in said certificate shall be determined, to the extent that such amounts are not paid out by the Trustee pursuant to **Section 5.06** hereof, the Tenant shall so notify the Trustee and the Landlord by one or more certificates as aforesaid and amounts from time to time no longer to be so retained by the Trustee shall be so deposited in the Bond Fund and applied by the Trustee as aforesaid.

Section 5.08. Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be disbursed from time to time by the Trustee, first from Bond proceeds and interest earnings thereon, for the payment of the Costs of Issuance upon the direction of the Landlord as evidenced by a requisition certificate executed by the Tenant and approved by the Tenant substantially in the form attached to the Lease Agreement as approved by the Tenant on the Bond Closing Date. Moneys in the Costs of Issuance Fund shall be expended no later than 180 days after the Bond Closing Date. Any moneys remaining therein on such date or on such earlier date as the Landlord and Tenant shall certify that all Costs of Issuance have been paid shall to the extent such moneys represent Bond proceeds, be transferred to the Acquisition Fund and the Costs of Issuance Fund shall be closed.

Section 5.09. Revenue Fund. (a) The Trustee shall deposit, in the Revenue Fund, all Project Revenues and any and all other payments to be made by the Tenant pursuant to the Lease Agreement and to be deposited with the Trustee. On or prior to the second Business Day prior to the first day of each calendar month, or as otherwise provided below, the Trustee will transfer from the Revenue Fund, in the following order of priority:

(i) First to the payment of the Fixed Monthly Rent for said month as required by Section 7.1(a) of the Lease Agreement into a "Landlord Rental Account" to be established as a subaccount in the Revenue Fund and paid monthly to the Landlord;

(ii) Second to the payment of (i) one-twelfth (1/12) of the annual fees of the Trustee into a "Fees Account" to be established and maintained as a subaccount in the Revenue Fund and paid to the Trustee when such annual fees are due and (ii) to the payment of actual expenses of the Trustee accrued as of such date;

(iii) Third, deposit in the Bond Fund an amount equal to one-twelfth (1/12) of the principal and one-third (1/3) of the interest due on the Bonds on the next succeeding Interest Payment Date, or such other amount as is required to pay the applicable proportionate amount of principal and interest due on the Bonds on the next

succeeding Interest Payment Date, whether at maturity or by mandatory sinking fund redemption pursuant to **Section 7.1** hereof;

(iv) Fourth, to the Tax and Insurance Fund, an amount equal to one-twelfth (1/12) of the annual amounts required to be deposited therein for payment of taxes and insurance with respect to the Project; and

(v) Fifth, deposit in the Surplus Fund all remaining amounts. Amounts in the Surplus Fund shall be applied as provided in **Section 5.12** hereof.

(b) In the event, Chevron U.S.A., Inc. elects to terminate the Sub-Lease Agreement pursuant to Section 3.2 of the Sub-Lease Agreement, the payment made in connection with such early termination shall be deposited into the Revenue Fund (the "Chevron Payment"). Upon the date of the Chevron Payment, Trustee shall retain within the Revenue Fund an amount, calculated at the most recent Interest Rate, necessary to fund twenty-four (24) months of the amounts to be paid by the Trustee under Sections 5.09(a)(i), (ii), (iii), (iv) and (v)(the "Two-Year Payment Amount"). The amount to be calculated for Section 5.09(a)(ii) and (iv) shall be based upon the most recent statement submitted and paid by the Trustee. Any excess of the Chevron payment over and above the Two-Year Payment Amount shall be deposited into the Surplus Fund as provided in Section 5.09(a)(v).

Section 5.10. Deposits into and Application of Moneys in the Casualty/Condemnation Fund. Provided the Tenant is not then in default beyond the expiration of any applicable notice or cure periods under the Lease Agreement or the Deed of Trust, the Trustee shall deposit into the Casualty/Condemnation Fund any amounts to be deposited therein pursuant to **Articles XIX and XX** of the Lease Agreement, and written notice thereof shall be given to the Tenant. The moneys in the Casualty/Condemnation Fund shall be disbursed in accordance with the provisions of **Sections 19.1, 19.2, 20.1 or 20.2 (whichever is applicable)** of the Lease Agreement and upon the instructions and directions of the Tenant, and the Trustee hereby covenants and agrees to disburse such moneys in accordance with such provisions. In paying any requisition under this Section, the Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by the Tenant. If the Landlord or the Bondholder so requests, a copy of each requisition certificate submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the Landlord or the Bondholder.

(a) In making disbursements from the Casualty/Condemnation Fund, the Trustee shall be entitled to rely conclusively upon the written requisition and required documentation provided by the Tenant without inquiry or investigation. It is understood that the Trustee shall not make any inspections of the Project nor of any improvements thereon, make any provision to obtain completion bonds or otherwise supervise any repair of any casualty loss or substitution of any condemnation loss in connection with the Project. The approval of each requisition by the Tenant and the furnishing of required documentation shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Casualty/Condemnation Fund have been completed.

(b) The Trustee shall keep and maintain adequate records pertaining to the Casualty/Condemnation Fund and all disbursements therefrom and at any time during which moneys are held therein shall provide monthly statements of receipts and disbursements with respect thereto to the Landlord, the Tenant and the Bondholder.

(c) After the repair of a casualty loss or substitution of a condemnation loss in connection with the Project has been completed and a certificate of payment of all costs filed by the Tenant with the Trustee, the Trustee shall transfer any amount remaining in the Casualty/Condemnation Fund to the Bond Fund.

Section 5.11. Tax and Insurance Fund. As provided in **Sections 17.2 and 18.1**of the Lease Agreement, there shall be deposited in the Tax and Insurance Fund in each calendar month one-twelfth (1/12) of the annual amounts required to pay taxes and insurance with respect to the Project or otherwise received

for such purpose by the Trustee from the Tenant pursuant to the Lease Agreement. Moneys in the Tax and Insurance Fund shall be applied to payment of Tenant's real estate taxes and insurance premiums at the written direction of the Tenant (upon which the Trustee shall be entitled to fully rely), accompanied by satisfactory evidence of the amounts so due; provided however that amounts in the Tax and Insurance Fund shall be applied by the Trustee without such direction to the extent deemed necessary or appropriate by the Trustee to prevent the lapse of any insurance coverage for the Project required by the Lease Agreement or the imposition of any penalty or forfeiture for nonpayment of any taxes due with respect to the Project. Upon the payment in full of the Bonds, and the fees and expenses of the Landlord and the Trustee any amounts remaining in the Tax and Insurance Fund shall be paid to the Tenant.

Section 5.12. Surplus Fund.

(a) The Trustee shall deposit in the Surplus Fund the amounts required by **Section 5.09.** So long as no Event of Default is otherwise continuing, the Trustee shall transfer the amount on deposit in the Surplus Fund to the Tenant on each Interest Payment Date; provided, the Trustee verifies (i) there are sufficient funds in the Bond Fund to pay the principal of all interest then due on the Bonds and (ii) that there are sufficient funds in the Revenue Fund to pay the Landlord the amount then due and payable to Landlord under Section 5.09(a)(i) of this Indenture.

(b) If on any Interest Payment Date or date on which the principal of and interest on the Bonds is due, whether by mandatory redemption, scheduled maturity or maturity upon acceleration, the amount in the Bond Fund is insufficient to pay the principal of and interest then due on the Bonds, the Trustee, after making any transfers to the Bond Fund from the Revenue Fund pursuant to **Section 5.09,** shall transfer to the Bond Fund from the Surplus Fund an amount equal to such deficit. The Trustee shall notify the Landlord, the Tenant and the Bondholder at any time moneys in the Surplus Fund are transferred to the Bond Fund pursuant to this paragraph. After any deficit in the Bond Fund has been restored, moneys in the Surplus Fund may be used to make any of the deposits described in **Section 5.09** hereof, to the extent other funds are insufficient therefor.

ARTICLE VI
SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 6.01. Moneys to be Held in Trust. All moneys from time to time received by the Trustee and held in any Fund created under this Indenture shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds entitled to be paid therefrom, subject to the provisions of **Section 8.09** of this Indenture.

SECTION 6.02. Moneys to be Secured. All moneys received by the Trustee under this Indenture and not invested by the Trustee pursuant to the provisions of **Section 6.03** of this Indenture, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be deposited with a Federal Reserve Bank or with the Trustee, if so authorized by law with respect to trust funds in Mississippi, or with a national or state bank or a trust Tenant which has a combined capital and surplus aggregating not less than $25,000,000.

SECTION 6.03. Investment of Moneys. Moneys on deposit to the credit of the Acquisition Fund, the Bond Fund, and any and all other funds created pursuant to this Indenture shall, upon receipt from time to time of a certificate of an Authorized Tenant Representative (or, if the Tenant is in default under the Lease Agreement, an Officers' Certificate) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law, (i) in Government Obligations, (ii) in certificates of deposit of one or more national or state banks (which may include the Trustee) having a combined capital and surplus of not less than $25,000,000, which certificates shall be secured by Government Obligations to the extent required by law or, in the case of the Acquisition Fund only, (iii) in commercial paper rated P-1 by Moody's Investors' Service or A-1+ by Standard and Poor's Corporation. The Trustee shall have no obligation

to invest any moneys on deposit hereunder in the absence of a certificate of an Authorized Tenant Representative or an Officers' Certificate as provided in this **Section 6.03**; provided, however, that at the telephonic request of an Authorized Tenant Representative confirmed in writing within two business days (or, if the Tenant is in default under the Lease Agreement, or the Lease Agreement has been terminated pursuant to the provisions thereof, a telephonic request of the Mayor of the City of Picayune, Mississippi confirmed in writing within two business days) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law and as otherwise provided by this **Section 6.03**. The Trustee shall have no obligation to invest any moneys on deposit pursuant to this **Section 6.03** in the absence of a certificate of an Authorized Tenant Representation or an Officers' Certificate or in the absence of a telephonic request of an Authorized Tenant Representative confirmed in writing within two business days or the telephonic request of the Mayor of the City of Picayune, Mississippi, as provided in this **Section 6.03**. Such investments shall have maturity dates, or shall be subject to redemption by the holder, the option of the holder, on or prior to the dates the money invested therein will be needed for the purposes of such Funds.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from such Fund at time of purchase) shall be deposited by the Trustee in the Fund from which such investment was made and any loss shall be charged to such Fund. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized pursuant to this **Section 6.03**. If at any time it shall become necessary that some or all of the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Indenture, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

SECTION 6.04. Balance to Tenant. Any balance in any of the Funds created under this Indenture or otherwise held by the Trustee after all the Bonds, together with the interest thereon, and Administration Expenses have been paid in full and all amounts due to the Trustee and the Landlord have been paid, shall be paid over to the Tenant.

ARTICLE VII

PURCHASE AND REDEMPTION OF BONDS

SECTION 7.01 Optional Tender for Series 2001B Bonds.

(a) Upon receiving the Trustee Tender Notice (defined below), the Holder of any of the Series 2001B Bonds shall have the right to tender such Series 2001B Bonds to the Tender Agent for purchase in whole or in part (if in part, only in an Authorized Denomination) on the sixtieth (60th) day (unless such day is not a Business Day, in which case the next Business Day) following receipt by the Tender Agent of notice from the Holder that such Holder has elected to tender such Series 2001B Bonds (the "Optional Tender Date"). Such Series 2001B Bonds shall be tendered at a Purchase Price equal to one hundred percent (100%) of the principal amount of Bonds (or portions thereof) tendered plus accrued interest to the Optional Tender Date. In order to exercise such option with respect to any of the Series 2001B Bonds, the Holder thereof must deliver an Optional Tender Notice (as defined below) to the Tender Agent, as provided in paragraph (c) of this Section, at least sixty (60) days prior to the proposed Optional Tender Date.

(b) (i) Under paragraph 3.3 of the Sub-Lease Agreement, Chevron, the sub-tenant, must give notice of its intent to renew the Sub-Lease Agreement six (6) months before the end of the Original Term (as defined in the Sub-Lease Agreement) of the Sub-Lease Agreement. Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to renew or not to renew the Sub-Lease Agreement (the "Tenant's First Notice").

If Chevron renews the Sub-Lease Agreement after the expiration of the Original Term of the Sub-Lease Agreement, under paragraph 3.3 of the Sub-Lease Agreement, Chevron must give notice of its intent to renew the Sub0Lease Agreement six (6) months before the end of this Extension Term (as defined in the Sub-Lease Agreement). Within ten (10) days of the expiration of this six month notice period, pursuant

to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to further renew or not to further renew the Sub-Lease Agreement (the "Tenant's Second Notice").

(ii) Within one hundred twenty (120) days of the Trustee's receipt of the Tenant's First Notice or the Tenant's Second Notice, whichever is applicable, the Trustee must give written notice of Chevron's decision to renew or not to renew the Sub-Lease Agreement to the Holders of the Series 2001B Bonds (the "Trustee Tender Notice").

(c) The Optional Tender Notice required to be delivered to exercise the right of Optional Tender described in paragraph (a) of this Section shall contain such information and be in such form and delivered to the Tender Agent as follows:

> Such notice shall be (A) duly executed by the Bondholder, in substantially the form attached as **Exhibit C**, or in such other form as shall be acceptable to the Tender Agent, specifying (1) the name of the registered Holder of the Bond to be tendered for purchase, (2) the Optional Tender Date, (3) the certificate number and principal amount of such Bond, and (4) the principal amount of such Bond to be purchased (if such amount is less than the entire principal amount, the amount to be purchased must be an Authorized Denomination), and (B) given to the Tender Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent not more than two (2) Business Days after such telephonic notice.

(d) If any Optional Tender Notice specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Holder will be deemed to have tendered the Bond in its entire principal amount for purchase.

(e) Not later than 3:00 p.m. (prevailing Central time) on the Business Day after receipt of any such telephonic or written notice of Optional Tender, the Tender Agent shall deliver written notice to the Trustee, the Remarketing Agent, and the Tenant specifying (i) the principal amount of Bonds for which an Optional Tender Notice has been given and (ii) the proposed Optional Tender Date therefor.

(f) Upon delivery of an Optional Tender Notice as described in paragraph (c) of this Section, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Bond, the Holder thereof shall have property exercised the right of Optional Tender pursuant to this Section.

(g) If an Optional Tender Notice shall have been duly given with respect to any of the Series 2001B Bonds, such Series 2001B Bonds shall be purchased from the Holder thereof as follows:

> The Holder of such Series 2001B Bonds shall deliver such Series 2001B Bonds to the Tender Agent at or before 10:00 a.m. (prevailing Central time) on the Optional Tender Date, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on such Series 2001B Bonds or in such other form as shall be acceptable to the Tender Agent.

SECTION 7.02. Mandatory Redemption.

The Bonds shall be subject to mandatory redemption prior to maturity in accordance with the provisions of this **Article VII** upon direction of the Landlord and the Tenant's consent, without premium or penalty (if there is no Event of Default that has occurred and is continuing), upon payment in each case of an amount equal to the amount of the Bonds to be redeemed, together with interest accrued on such principal amount to such date, in whole or in part, at any time, (i) in case of damage or destruction to, or condemnation of the Project if the Tenant has determined to prepay a similar portion of the Rentals pursuant to the Lease Agreement or (ii) in the event and to the extent that there remains surplus funds in the Acquisition Fund upon completion as provided in Section 5.07 of the Indenture and Section 10.8 of the Lease Agreement.

All Bonds shall also be subject to mandatory sinking fund redemption on September 1, at par, plus accrued interest without premium on each September 1 commencing September 1, 2003 and continuing through and including September 1, 2016, in the following principal amounts on September 1 in each of the years set forth below (unless and to the extent any credit against such amount is applied as provided in this Indenture, or if less than such amount is then Outstanding, an amount equal to the aggregate principal amount of the Bonds then Outstanding):

September 1 of the Year	2001A Bonds Principal Amount	2001B Bonds Principal Amount
2003	$	$_____
2004	$_____	$_____
2005	$_____	$_____
2006	$_____	$_____
2007	$_____	$_____
2008	$_____	$_____
2009	$_____	$_____
2010	$_____	$_____
2011	$_____	$_____
2012	$_____	$_____
2013	$_____	$_____
2014	$_____	$_____
2015	$_____	$_____
2016	$_____	$_____

The Trustee shall credit against the mandatory sinking fund requirements for the Bonds as set forth above, any of the Bonds delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not therefore applied as a credit against any redemption obligation. The Bonds so delivered or canceled shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund redemption date, and any excess of such amounts shall be credited to future redemption obligations, and the principal amount of the bonds of such maturity to be redeemed by operation of the mandatory sinking fund requirements shall be accordingly reduced; provided, however, that the Trustee shall only credit such Bonds to the extent such are received on or before forty-five (45) days preceding the applicable mandatory redemption date as set forth above.

SECTION 7.03. Optional Redemption. The Bonds are subject to optional redemption and payment prior to maturity, upon the written request of the Tenant, on the earlier on October 1, 2003 or six (6) months after the Completion Date of the Project and thereafter in whole on any date or in part on any Interest Payment Date, at par, plus accrued interest thereon to the date fixed for redemption and payment.

SECTION 7.04. Extraordinary Optional Redemption. The Bonds shall be subject to extraordinary optional redemption and payment prior to the stated maturity thereof, in whole or in part upon the written request of the Tenant, on any date at a redemption price of 100% of the principal amount thereof, plus

accrued interest thereon to the redemption date, upon the occurrence of any of the following conditions or events:

(i) If title to, or the use for a limited period of, substantially all or a part of the Project is condemned by any authority having the power of eminent domain, such that, in the reasonable opinion of the Tenant, the efficient utilization of the Project by the Tenant is impaired as provided in **Section 20.1** of the Lease Agreement;

(ii) If substantially all or a part of the Project is damaged or destroyed by fire or other casualty to such extent that, in the reasonable opinion of the Tenant, it is not practicable or desirable to rebuild, repair or restore, as provided in **Section 19.2** of the Lease Agreement.

SECTION 7.05. Method of Partial Redemption. All redemptions and prepayments made by the Tenant are to be applied first in reduction of interest then due at the rate stated herein, and any amount remaining after such payment of said interest shall be applied to reduction of principal, or in such other order as the Purchaser shall direct in its sole discretion.

ARTICLE VIII

PARTICULAR COVENANTS OF THE LANDLORD

SECTION 8.01. Payment of Principal, Premium, if any, and Interest. The Landlord will promptly pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Indenture) the principal of and the interest on every Bond issued under and secured by this Indenture and redemption premium required (if any) to be paid for the retirement of said Bonds by redemption at the places, on the dates and in the manner specified in this Indenture and in said Bonds according to the terms thereof.

SECTION 8.02. Maintenance of Existence. The Landlord will at all times maintain its existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project.

SECTION 8.03. No Amendment of Lease Agreement or Sub-Lease Agreement Without Consent. So long as any of the Bonds are Outstanding, the Landlord will require the Tenant to pay, or cause to be paid to the Trustee, all the Rentals and other costs and charges payable by the Tenant under the Lease Agreement and all Pledged Sub-Lease Rentals paid by Chevron under the Sub-Lease Agreement. All Pledged Sub-Lease Rentals shall be applied to the Tenant's Rental obligations under the Lease Agreement and any and all other payment obligations under the Deed of Trust. The Lease Agreement may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Bondholder. No amendment of the Lease Agreement shall be made without the prior written consent of the Tenant and the Bondholder.

SECTION 8.04. Execution of Amendment to Lease Agreement.

(a) Prior to the issuance of any Additional Bonds under the provisions of **Section 3.03** of this Indenture for the purpose of providing funds for the completion of payment of the Cost of the Project, the Landlord will, if necessary, enter into an appropriate agreement amending the Lease Agreement. Such amendatory agreement shall increase, if necessary, the payments to be made under the Lease Agreement to an amount which shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on such Additional Bonds as the same shall become due and payable in accordance with their terms. In addition, such amendatory agreement shall include in the Project as defined in the Lease Agreement, if necessary, all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, if any, and make such other revisions in the Lease Agreement

as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the holders of Outstanding Bonds, as granted it is under the terms of this Indenture.

(i) The Landlord shall not issue any Additional Bonds under the provisions of **Section 3.04** of this Indenture for the purpose of refunding all or any part of the Bonds of any one or more Series unless the payments under the Lease Agreement shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on all Bonds which will be Outstanding upon the issuance of such Additional Bonds as the same become due and payable.

(ii) Upon the execution of each such amendatory agreement the Landlord will execute and deliver to the Trustee for the benefit of the holders of the Bonds a proper instrument or instruments of assignment and pledge, assigning and pledging to the Trustee all the right, title and interest of the Landlord in and to each such amendatory agreement and the amounts payable to the Landlord thereunder.

SECTION 8.05. Performance of Covenants; The Landlord. The Landlord covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and the Lease Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Landlord covenants that it is duly authorized under the Constitution and laws of the State of Mississippi, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to execute and deliver the Lease Agreement, to assign the Lease Agreement and Revenues and all other amounts payable under the Lease Agreement, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the Landlord according to the terms thereof and hereof.

SECTION 8.06. Instruments of Further Assurance. The Landlord covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such documents supplemental hereto and such further acts, instruments and transfers as the Trustee as assignee under the Lease Agreement may reasonable require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Landlord covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any of the revenues and receipts derived from or in connection with the Project or any of its rights under the Lease Agreement or any of the funds pledged hereunder.

SECTION 8.07. Inspection of Project Records. The Landlord and the Trustee covenant and agree that all books, records and documents in their possession relating to the Project and the revenues and receipts derived from or in connection with the Project including payments under the Lease Agreement shall at all times be open to inspection by such accountants or other agencies as the other party may from time to time designate.

SECTION 8.08. Rights under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Landlord and the Tenant, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof, and reference is hereby made to the same said covenants and obligations of the Tenant thereunder, and the Landlord agrees that the Trustee in its name or to the extent permitted by law, in the name of the Landlord, may enforce all rights of the Landlord and all obligations of the Tenant under and pursuant to the Lease Agreement for and on behalf of the Bondholders whether or not the Landlord is in default hereunder; however, Landlord shall continue to perform all of its covenants and agreements under the Lease Agreement even if the Trustee exercises its rights granted hereunder.

SECTION 8.09. No Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Landlord will not directly or indirectly extend or assent to the extension of the time of payment of claims for interest on any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding claims for interest or in any other manner. In case any such claim for interest shall be extended or funded in violation of this **Section 8.09**, such claim for interest shall not be entitled, in case of any default under this Indenture, to the benefit or security of this Indenture except subject to the prior payment in full of the principal of and redemption premium (if any) on all Bonds issued and Outstanding under this Indenture, and of all claims for interest which shall not have been so extended or funded.

SECTION 8.10. Filing. The Landlord agrees that there will promptly be filed in accordance with the provisions of the Uniform Commercial Code of the State of Mississippi or any jurisdiction the laws of which may be applicable, or any similar statutory provision, Financing Statements between the Landlord and the Trustee covering the assignment and pledge of the Landlord's right, title and interest in the Lease Agreement, and all amounts payable on account thereof, and that the Landlord will file or cause to be filed from time to time such necessary Financing Statements as may be required to continue the perfection of the security interests described in such Financing Statements, and that it will file promptly with the Trustee evidence of each such filing. Upon filing of such continuation Financing Statements, the Landlord will deliver, or cause to be delivered, to the Trustee an Officers' Certificate satisfactory to the Trustee to the effect that all filings then required to continue the perfection of such security interests have been accomplished in compliance with the foregoing requirements.

SECTION 8.11. Compliance with Lease Agreement. Any requirement imposed by this Indenture or the Lease Agreement on the Landlord may, if not performed by the Landlord, be performed by the Tenant and such performance by the Tenant shall constitute compliance with the requirement of this Indenture or the Lease Agreement as if performed by the Landlord.

SECTION 8.12. Damage or Destruction. Immediately after the occurrence of any damage or loss to the Project in excess of $100,000, the Tenant is required by the Lease Agreement to notify the Landlord and the Trustee as to the nature and extent of such damage or loss. If the Tenant shall determine that rebuilding, repairing or restoring is practicable and desirable, and the Tenant has decided to exercise its option to proceed with such rebuilding, repairing or restoring, it shall notify the Landlord and the Trustee upon the completion thereof. In such case, any property damage insurance proceeds received in respect of such damage or loss shall be used by the Tenant for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. In the event said proceeds are not sufficient to pay in full the costs of such rebuilding, repairing or restoration, the Tenant may complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said proceeds. If the Tenant decides to exercise its option to so rebuild, repair, or restore the Project, the Tenant shall so notify the Trustee and the Landlord, and any property damage insurance proceeds shall be applied to the redemption of Bonds as herein provided.

Any balance of the proceeds of insurance remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund; or if no repair, rebuilding or restoration shall be made, such proceeds shall be paid into the Bond Fund and applied by the Trustee to the purchase or redemption of Bonds. If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such net proceeds shall be paid to the Tenant.

SECTION 8.13. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the payments required under **Section 7.1.1** of the Lease Agreement to be made by the Tenant. Immediately after the occurrence of any such loss of the Project, the Tenant shall notify the Landlord and the Trustee as to the nature and extent of such loss and, as soon as practicable thereafter, notify the Landlord and the Trustee whether it is practicable and desirable to restore such loss. If the Tenant shall determine that such restoration is practicable and desirable, and the Tenant has decided to exercise the option to proceed with such restoration it shall notify the Landlord and the Trustee upon the completion

thereof. Any proceeds received from any award or awards in respect of the Project or any part thereof in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, shall be used by the Tenant for payment of, or reimbursement for, the costs or restoring the Project or any portion thereof. If the Tenant decides to exercise its option to so rebuilt, repair, or restore the Project, the Tenant shall so notify the Trustee and the Landlord, and any property damage insurance proceeds shall be applied to the redemption of Bonds as herein provided. Any proceeds received from any award or awards in respect of the Project or any part thereof made in such condemnation or eminent domain proceedings not expended in restoring the Project shall be paid to the Trustee for deposit in the Bond Fund and applied by the Trustee to the purchase or redemption of Bonds. If the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the provisions of the Indenture, all such net proceeds shall be paid to the Tenant.

ARTICLE IX

DEFAULTS AND REMEDIES

SECTION 9.01. Defaults; Events of Default; Acceleration. In case one or more of the following events, in this Indenture referred to as the "Events of Default", shall happen and be continuing, that is to say, if:

(a) Payment of rental payments to the Landlord when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure;

(b) Payment of any lawful and due ad valorem or property taxes and governmental charges; when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure;

(c) Payment of the principal of the Bonds and redemption premium (if any) shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise and the continuance of such failure for a period of fifteen (15) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure;

(d) Payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable which failure shall continue for fifteen (15) days after the receipt by Tenant of notice in writing from the Trustee specifying in detail the nature of such failure;

(e) Here shall occur an event of default by Tenant under the Lease Agreement which is not cured during any applicable notice or cure period provided thereunder; or

(f) These shall occur on event of default by Tenant under the Deed of Trust;

then, in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Trustee may, and upon written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding shall, by written notice given to the Landlord and the Tenant by the Trustee and provided that the default has not theretofore been cured, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon such declaration said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in said notice, anything in this Indenture or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of all Bonds then Outstanding shall have been so declared to be due and payable, all arrears of interest upon such Bonds, and interest on overdue installments of interest (if lawful) at a rate per annum which is equal to the highest rate per annum borne by any of the Bonds then Outstanding and the principal and redemption premium, if any, on all Bonds then Outstanding which shall have become due and payable otherwise than by acceleration, and all other sums payable under this Indenture, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Landlord, and the Landlord also shall have performed all other things in respect of which it may have been in default under this Indenture, and shall have paid the reasonable expenses of the Trustee and of the holders of such Bonds, including reasonable attorneys' fees (including attorney's fees for appeals) paid or incurred, then and in every such case, such default shall be waived and such declaration and its consequences rescinded and annulled by the Trustee by written notice given to the Landlord and the Tenant by registered mail, which waiver, rescission and annulment shall be binding upon all Bondholders; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon. A default or event of default under this Indenture or the Lease Agreement shall not be deemed to be a default or event of default if such default or event of default is cured within the appropriate cure period.

SECTION 9.02. Trustee to have Right to Enforce Lease Agreement. In any case in which, under the provisions of **Section 9.01** of this Indenture, the Trustee has the right to declare the principal of all Bonds then Outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon redemption or otherwise) and are not paid, the Trustee, as the assignee and pledgee of all the right, title and interest of the Landlord in and to the Lease Agreement, may enforce each and every right granted to the Landlord under the Lease Agreement, including holding the Tenant liable for all rent and other amounts due under the Lease Agreement and not paid from the proceeds of such sale.

SECTION 9.03. Other Remedies. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of Bondholders and require the Landlord or the Tenant to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Lease Agreement and this Indenture;

(b) Bring suit upon the Bonds;

(c) By action or suit in equity require the Landlord to account as if it were the trustee for an express trust for the Bondholders; or

(d) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

SECTION 9.04. Abandonment of Proceedings by Trustee. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Landlord, the Trustee and the Bondholders shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 9.05. Right of Bondholder to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, upon the happening and continuance of any Event of Default the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture.

SECTION 9.06. Rights and Remedies of Bondholders. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under this Indenture, or any other remedy under this Indenture or on said Bonds, unless such holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Indenture granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy under this Indenture; it being understood and intended that no one or more holders of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture or under the Bonds, except in the manner in this Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Indenture provided and for the equal benefit of all holders of Outstanding Bonds; subject, however, to the provisions of **Section 8.09** of this Indenture. Notwithstanding the foregoing provisions of this **Section 9.06** or any other provision of this Indenture, the obligation of the Landlord shall be absolute and unconditional to pay, but solely from the revenues and other funds pledged under this Indenture, the principal of and redemption premium (if any) and interest on the Bonds to the respective holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

SECTION 9.07. Remedies Vested in Trustee. All rights of action under this Indenture or under any of the Bonds secured by this Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of Outstanding coupons, and any recovery of judgement shall be for the equal and ratable benefit of the holders of the Bonds, subject to the provisions of this Indenture.

SECTION 9.08. No Remedy Exclusive. No remedy in this Indenture conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 9.09. Delay or Omission of Trustee No Waiver of Default. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this **Article IX** to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.10. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this **Article IX** or by virtue of action taken under provisions of the Lease Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and payment of Administration Expenses, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment of any property taxes due.

SECOND - To payment of Rental Payments required by Section 7.1 of the Lease Agreement.

THIRD - To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due (with interest on overdue installments of interest, to the extent permitted by law, at the rate per annum which is equal to the highest rate per annum borne by any Bonds issued under this Indenture and then Outstanding) and, if the amount available shall not be sufficient to pay in full Bonds and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the persons entitled thereto without any discrimination or privilege; and

FIFTH - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege plus, if available with interest on overdue installments of interest or principal at the rate which is equal to the highest rate borne by the Outstanding Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this **Article IX** then, in the event that the principal of all the Bonds shall later become due and be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this **Section 9.10**.

Whenever moneys are to be applied pursuant to the provisions of this **Section 9.10**, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates

shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

With regard to any alleged default concerning which notice is given to the Landlord and the Tenant under the provisions of this **Section 9.10**, the Landlord hereby grants the Tenant full authority for the account of the Landlord to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Landlord with full power to do any and all things and acts to the same extent that the Landlord could do and perform any such things and acts and with power of substitution and agrees to cooperate with the Tenant to enable the Tenant to so act.

ARTICLE X

CONCERNING THE TRUSTEE, TENDER AGENT AND REMARKETING AGENT

SECTION 10.01. Appointment of Trustee. Trustmark National Bank, Jackson, Mississippi, is hereby appointed Trustee under this Indenture. The Trustee shall signify its acceptance of the duties and obligations of the Trustee created by this Indenture by executing and delivering to the Landlord a copy of this Indenture.

SECTION 10.02. No Responsibility for Correctness of Statements in Indenture. The recitals, statements and representations in this Indenture or in the Bonds contained, save only the Trustee's certificate of authentication upon the Bonds, shall be taken and construed as made by and on the part of the Landlord, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any hereof or thereof. The Trustee shall have no responsibility for any funds other than those funds actually paid to or received or held by it hereunder.

SECTION 10.03. No Responsibility for Default of Agents. The Trustee shall not be responsible for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trusts in this Indenture created, except only for its own willful misconduct or negligence. The Trustee shall be responsible to the Tenant for any payments it received pursuant to the Lease Agreement which is not utilized pursuant to the provisions of the Lease Agreement or this Indenture.

SECTION 10.04. Compensation and Reimbursement. The Landlord shall pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Indenture) or cause the Tenant to pay to the Trustee reasonable compensation for all services rendered by it under this Indenture and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts by this Indenture created and the performance of its powers and duties under this Indenture, including attorneys' fees for appeals. In default of such payment, the Trustee may deduct the same from any moneys coming into its hands and shall be entitled to a preference in payment over any of the Bonds Outstanding under this Indenture.

SECTION 10.05. No Duty to Effect Insurance. The Trustee shall be under no duty to effect or to renew any policies of insurance or under any liability for the failure of the Landlord or the Tenant to effect or renew insurance; or to report or file claims or proofs of loss for any loss or damage insured against or which may occur; nor shall the Trustee be liable as an insurer.

SECTION 10.06. No Duty to Notice Default. The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Indenture other than a default under **Section 9.01**(a) or **Section 9.01**(b) of this Indenture, unless specifically notified in writing of such default by the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding. The Trustee

may, however, at any time, in its discretion, require of the Landlord full information and advice as to the performance of any of the covenants, conditions and agreements contained in this indenture.

SECTION 10.07. No Duty to Take Action Upon Default Unless Requested by Bondholders. The Trustee shall be under no obligation to take any action in respect of any default or otherwise or toward the execution or enforcement of any of the trusts by this Indenture created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without security or indemnity.

SECTION 10.08. Right to Rely on Documents Believed Genuine. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as a holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or evidence satisfactory to the Trustee of the ownership of such Bond shall be furnished to the Trustee.

SECTION 10.09. Right to Own and Deal Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by this Indenture, and may join in or take any action which any Bondholder may be entitled to take with like effect as if the Trustee were not named in this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Landlord or the Tenant, and may act as depository, trustee, or agent for any committee or body of holders of the Bonds issued under or secured by this Indenture or other obligations of the Landlord as freely as if it were not the Trustee under this Indenture.

SECTION 10.10. No Liability for Interest Upon Any Moneys Received by Trustee. The Trustee shall be under no liability for interest upon any moneys which it may at any time receive under any of the provisions of this Indenture, except such as it may agree in writing with the Tenant or the Landlord to pay thereon and except for certificates of deposit issued by the Trustee which are purchased as investments pursuant to **Section 6.03** hereof.

SECTION 10.11. Construction of Ambiguous Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof, and any construction of any such provisions of this Indenture by the Trustee in good faith shall be binding upon the Bondholders.

SECTION 10.12. Resignation by Trustee. The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Clerk of the City of Picayune, Mississippi and the Authorized Tenant Representative of the Tenant not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by publication at least once a week for two consecutive weeks in a newspaper of general circulation which carries financial news, printed in the English language and customarily published on each business day in the City of New York, the first publication of said notice to appear not less than three weeks prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall be

appointed as hereinafter in this **Article X** provided, in which event such resignation shall take effect immediately on the appointment of such successor Trustee.

SECTION 10.13. Removal of Trustee. The Trustee at any time and for any reason may be removed by an instrument in writing appointing a successor filed with the Trustee so removed and executed by the holders of a majority in aggregate principal amount of the Bonds then Outstanding.

SECTION 10.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign, or shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Clerk of the City of Picayune, Mississippi, signed by such Bondholders or by their attorneys-in-fact duly authorized in writing. Copies of each instrument shall be promptly delivered by the Landlord to the Predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholders as authorized by this **Section 10.14**, the Landlord, by an instrument authorized by resolution, shall appoint a Trustee to fill such vacancy. After any appointment by the Landlord, it shall cause notice of such appointment to be published once in each of two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in the City of New York. Any new Trustee so appointed by the Landlord shall immediately and without further act be superseded by a Trustee appointed by the Bondholders in the manner hereinabove in this **Section 10.14** provided.

SECTION 10.15. Qualifications of Successor Trustee. Every successor in the trust hereunder appointed pursuant to **Section 10.14** of this Indenture shall be a bank or trust Tenant organized and doing business under the laws of the United States or any state or territory thereof with trust powers, having a combined capital and surplus of at least $25,000,000 if such a bank or trust Tenant willing and able to accept the trust on customary terms can, with reasonable effort, be located.

SECTION 10.16. Court Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this **Article X** prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

SECTION 10.17. Acceptance by Successor Trustee. Any successor Trustee appointed under the **Article X** shall execute, acknowledge and deliver to the Landlord an instrument accepting such appointment under this Indenture, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Indenture, with like effect as if originally named Trustee in this Indenture. Upon request of such successor Trustee, the Trustee ceasing to act and the Landlord shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts under this Indenture of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it under this Indenture.

Any Trustee ceasing to act shall nevertheless retain a lien upon all property and funds held or collected by such Trustee to secure any amount then due it pursuant to the provisions of **Section 10.04** of this Indenture.

SECTION 10.18. Successor Trustee by Merger or Consolidation. Any corporation into which any Trustee under this Indenture may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee under this Indenture shall be a party, or any corporation to which any Trustee under this Indenture may transfer substantially all of its assets, shall be the

successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding.

SECTION 10.19. Exercise of Powers During Event of Default. Notwithstanding any other provisions of this **Article X**, the Trustee shall, during the existence of an Event of Default known to the Corporate Trust Department of the Trustee, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

SECTION 10.20. Notice Upon Event of Default. Upon the occurrence of an Event of Default known to the Corporate Trust Department of the Trustee, the Trustee shall within thirty (30) days give written notice thereof by mail to each Registered Owner of registered Bonds, then Outstanding at his last address appearing upon the Bond Register, unless such Event of Default shall have been cured before the giving such notice.

SECTION 10.21. Trustee May Intervene in Judicial Proceedings. In any judicial proceeding to which the Landlord is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may in its own name and as trustee of an express trust intervene on behalf of the holders of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding if permitted by the court having jurisdiction in the premises.

SECTION 10.22. Appointment of Paying Agent. The Trustee is hereby appointed as Paying Agent for the Series 2001 Bonds. The Landlord may at any time or from time to time appoint one or more Paying Agents for the Series 2001 Bonds or any other Bonds, in the manner and subject to the conditions set forth in **Section 10.23** of this Indenture for the appointment of a successor Paying Agent. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the Landlord and the Trustee.

SECTION 10.23. Successor Paying Agent. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days written notice to the Landlord and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Landlord. Any successor Paying Agent shall be appointed by the Landlord, with the approval of the Trustee and shall be a bank or trust Tenant duly organized under the laws of the United States or any state or territory thereof, having a capital stock and surplus aggregating at least $25,000,000 and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, to or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 10.24. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State of Mississippi) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual, bank, trust Tenant or institution as a separate or Co-Trustee. The following provisions of this **Section 10.24** are adopted to these ends.

The Trustee may appoint an additional individual, bank, trust Tenant or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity,

estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee to exercise such powers, rights, and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Landlord be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Landlord. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

SECTION 10.25. **Remarketing Agent**. At the request of the Tenant, Duncan-Williams, Inc., Memphis, Tennessee, hereby is appointed as the initial Remarketing Agent. The Tenant, shall appoint any successor Remarketing Agent for the Bonds, subject to the conditions set forth in Section 10.26. Any Remarketing Agent shall designate to the Landlord and the Trustee its principal office for purposes hereof, which shall be the office of such Remarketing Agent at which all notices and other communications in connection herewith may be delivered to it, and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Landlord, the Tenant and, the Trustee under which such Remarketing Agent will agree particularly to (i) perform its obligations under Section 7.01 with respect to any of the Series 2001B Bonds delivered or deemed to have been delivered to the Tender Agent for purchase pursuant to Section 7.01and (ii) keep books and records with respect to all its activities hereunder available for inspection by the Landlord, the Trustee, and the Tenant at all reasonable times.

SECTION 10.26. **Qualifications of Remarketing Agent; Resignation, Removal**. The Remarketing Agent shall be a financial institution, partnership, person or corporation with the ability to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' notice to the Landlord, the Tenant and the Trustee. The Remarketing Agent may, be removed at any time, at the direction of the Tenant, by an instrument signed by the Landlord and the Tenant and filed with the Remarketing Agent and the Trustee. Upon the resignation or removal of the Remarketing Agent, the Tenant may appoint a successor Remarketing Agent. Any successor Remarketing Agent shall meet the qualifications set forth in this Section.

SECTION 10.27. **Remarketing Agent as Tender Agent**. The Remarketing Agent shall also act as the Tender Agent, and shall perform such duties in such roles. A successor Remarketing Agent shall also assume such duties in such roles. The Remarketing Agent hereby accepts all of its rights, and agrees to observe and perform all of its duties and obligations, as Tender Agent contained in the Remarketing Agreement.

SECTION 10.28. **Several Capacities**. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Tender Agent and the Remarketing Agent and in any other combination of such capacities, to the extent not prohibited by law.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 11.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor

of the Trustee and any Paying Agent with regard to any action taken, suffered or omitted by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness of such execution.

(b) The ownership of registered Bonds shall be proved by the Bond Register.

Nothing contained in this **Article XI** shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this **Article XI** stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the Registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XII

MODIFICATION OF INDENTURE AND SUPPLEMENTAL INDENTURE

SECTION 12.01. Supplemental Indenture Not Requiring Consent of Bondholders. Subject to the conditions and restrictions in this Indenture contained, the Landlord and the Trustee, may, without the consent of the Bondholders, enter into a Supplemental Indenture or Supplemental Indentures which thereafter shall form a part of this Indenture, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Landlord in this Indenture contained other covenants and agreements thereafter to be observed, and to surrender any right or power in this Indenture reserved to or conferred upon the Landlord;

(b) To modify any of the provisions of this Indenture or relieve the Landlord from any of the obligations, conditions or restrictions in this Indenture contained; provided that no such modification shall be or become operative or effective which shall materially adversely affect the rights of the Bondholders or the Trustee;

(c)To cure any ambiguity or to cure, correct or supplement any inconsistent provision contained in this Indenture or in any supplemental Indenture;

(d) To make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interest of the Bondholders;

(e) To provide for the issuance of Additional Bonds;

(f) To evidence the appointment of a successor Trustee or Paying Agent hereunder; and

(g) To subject to this Indenture additional revenues, properties or collateral;

and the Landlord hereby covenants that it will perform all of the requirements of any such Supplemental Indenture which may be in effect from time to time; but no restriction or obligation imposed by this Indenture upon the Landlord in respect of any of the Bonds Outstanding under this Indenture may, except as otherwise provided in **Section 12.03** of this Indenture, be waived or modified by such Supplemental Indenture, or otherwise. Nothing in this **Article XII** contained shall affect or limit the right or obligation of the Landlord to

execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

SECTION 12.02. Approval of Supplemental Indenture by Trustee. The Trustee is hereby authorized to approve any Supplemental Indenture authorized or permitted by the terms of this Indenture, and to approve the further agreements and stipulations which may be therein contained, and the Trustee, in approving any Supplemental Indenture, shall be fully protected in relying on an Opinion of Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture and is not inconsistent with this Indenture.

SECTION 12.03. *Modification With Consent of Bondholders.* Exclusive of Supplemental Indentures covered by **Section 12.01** hereof, any modification or alteration of this Indenture or of the rights and obligations of the Landlord or of the holders of the Bonds in any particular may be made with the consent of the Tenant and the Bondholder. Nothing in this **Section 12.03** contained shall permit, or be construed to reduce the percentage of aggregate principal amount of the Bonds without the consent of the Bondholder, which such consent is required for any such modification or alteration, or to permit the creation by the Landlord of any lien prior to, or, except to secure Additional Bonds, on a parity with, the lien of the Indenture upon the receipts and revenues of the Landlord from or in connection with the lease of the Project or which will affect the times, amounts and currency of payment of the principal of, the interest on, or the premium (if any) on, said Bonds.

For the purposes of this Indenture, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Landlord and all the holders of Bonds.

For all purposes of this **Article XII,** the Trustee shall be entitled to rely upon an opinion of Counsel with respect to the extent, if any, to which any action affects the rights under this Indenture of any holders of Bonds then Outstanding.

SECTION 12.04. Consent by Tenant Required. Anything herein to the contrary notwithstanding, and if the Tenant is not in default under the Lease Agreement at such time, a Supplemental Indenture under this **Article XII** shall not become effective unless and until the Tenant shall have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Landlord shall cause notice of the proposed execution and delivery of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the Tenant and received by the Tenant at least thirty (30) days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

ARTICLE XIII
DISCHARGE OF INDENTURE

SECTION 13.01. Indenture Discharged Upon Payment of Bonds. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Indenture, or otherwise, and the whole amount of the principal, redemption premium (if any) and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under this Indenture by the Landlord and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of Trustee under this Indenture shall thereupon cease, terminate and become void, and the Trustee shall assign and transfer to or upon the order of the Tenant all property (in excess of the amounts required for the foregoing) then held by the Trustee (including the Lease Agreement, and all payments thereunder and all

balances in any fund created under this Indenture) and shall execute such documents as may be reasonably required by the Tenant in this regard.

When all of a portion of the Bonds of a particular Series shall have been paid or purchased by the Tenant and if, at the time of such payment, the Landlord shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by the Landlord or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds of a particular Series and such Bonds shall cease to be entitled to the lien of this Indenture.

If and when the Trustee shall hold sufficient moneys under this Indenture to provide for payment of the whole amount of the principal, premium, if any, and interest due and payable and thereafter to become due and payable, upon all the Bonds, together with all other sums payable or which may thereafter become payable under this Indenture by the Landlord, or which may be required to pay Administration Expenses, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee under this Indenture shall not have ceased, terminated and become void pursuant to the foregoing provisions of this **Section 13.01** the Trustee, on demand of the Tenant, shall assign and transfer to or upon the order of the Tenant all property (in excess of the amounts required for the foregoing) then held by the Trustee (including the Lease Agreement and all payments thereunder and all balances in any fund created under this Indenture) and shall execute such documents as may be required by the Tenant in this regard.

SECTION 13.02. Bonds Deemed Paid. Bonds or interest installments, for the payment or redemption of which moneys shall have been held by the Trustee at the maturity or redemption date thereof shall be deemed to be paid within the meaning and with the effect expressed in this **Section 13.02**. All Outstanding Bonds of any one or more Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this **Section 13.02** if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Governmental Obligations, which shall not contain provisions permitting the redemption thereof at the option of the Landlord, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and redemption premium, if any, and interest due and to become due, on said Bonds on and prior to the redemption dates or maturity date thereof. Neither the Governmental Obligations nor moneys deposited with the Trustee pursuant to this **Section 13.02** nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Tenant, as received by the Trustee, free and clear of any trust, lien or pledge.

Any release under this **Section 13.02** shall be without prejudice to the right of the Landlord and the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts by this Indenture created and the performance of its powers and duties under this Indenture.

ARTICLE XIV
MISCELLANEOUS

SECTION 14.01. Indenture to Inure to Successors of Landlord. In the event of the dissolution of the Landlord, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Landlord, shall bind or inure to the benefit of the successors of the Landlord from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Landlord shall be transferred.

SECTION 14.02. Limitation of Rights. Except as in this Indenture otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person other than the Tenant, the Landlord, the Trustee and the holders of the Bonds issued under this Indenture, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Tenant, the Landlord, the Trustee and the holders of the Bonds issued under this Indenture.

SECTION 14.03. Severability. *In case any one or more of the provisions of this Indenture or of the Bonds issued under this Indenture shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, and this ordinance and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.*

SECTION 14.04. Member, Agents and Employees of Landlord Exempt From Liability. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any Alderman, agent, or employee of the Landlord in his individual capacity, and neither the members of the Landlord nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 14.05. Notices. It shall be sufficient service or giving of any notice, request, complaint, demand or other paper if the same shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to the Landlord:	City of Picayune City Hall 203 Goodyear Blvd. Picayune, Mississippi 39218 Attention: City Clerk
If to the Tenant :	Magnolia Air 1, LLC 606 Clay Street Montgomery, Alabama 36104 Attention: Jody Bear
If to the Trustee:	Trustmark National Bank 248 E. Capitol Street Jackson, Mississippi 39201 Attention: Sheila Johnson
If to the Remarketing Agent or Tender Agent:	Duncan-Williams, Inc. 5860 Ridgeway Center Parkway Memphis, Tennessee Attention: _____

SECTION 14.06. Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of payment a Sunday or a legal holiday or a day on which banking institutions in the State of Mississippi or the State of Texas are authorized or required by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 14.07. Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions, **Articles** or **Sections** of this Indenture.

SECTION 14.08. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

SECTION 14.09. Laws Governing Indenture and Situs and Administration of Trust. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of Mississippi.

IN WITNESS WHEREOF, the City of Picayune, has caused these presents to be signed in its name and behalf by the Mayor of the City of Picayune, Mississippi, acting for the City of Picayune, and its official seal to be hereunto affixed and attested by the Clerk of the City of Picayune, Mississippi, and to evidence its acceptance of the trust hereby created the Trustmark National Bank, Jackson, Mississippi, has caused these presents to be signed in its name and behalf by one of its Assistant Trust Officers, its official seal to be hereunto affixed and the same to be attested by one of its Vice Presidents, all as of the _____ day of _____, 2001.

Landlord:
CITY OF PICAYUNE

By: _____
Title: Mayor

(SEAL)
Attest:

By: _____
City Clerk

Trustee:
TRUSTMARK NATIONAL BANK
JACKSON, MISSISSIPPI

By: _____
Title: _____

Attest:

By: _____
Title: _____

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that _____ and_____, whose names as Mayor and City Clerk, respectfully, of the City of Picayune, Mississippi, a body corporate and politic of the State of Mississippi, is signed to the foregoing Indenture of Trust, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of the said Indenture of Trust, he, as such officer and with full authority, executed the same voluntarily for and as the act of said the City of Picayune.

Given under my hand and seal of office this the ___ day of_____, 2001.

(SEAL)

_____
Notary Public

My Commission Expires:

_____

STATE OF MISSISSIPPI
COUNTY OF _____

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that _____ and _____, whose name as_____ and _____ Trustmark National Bank, Jackson, Mississippi, is signed to the foregoing Indenture of Trust, and who is known to me and known to be such officer, acknowledged before me on this day that, being informed of the contents of the said Indenture of Trust, she, as such officer and with full authority, executed the same voluntarily for and as the act of said Bank.

Given under my hand and seal of office this the ___ day of_____, 2001.

(SEAL)

_____
Notary Public

My Commission Expires:

_____

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MISSISSIPPI
CITY OF PICAYUNE
TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND
(MAGNOLIA AIR I, LLC PROJECT)
SERIES 2001A

No. RA-1

Maximum Principal Amount:
$1,000,000

Interest Rate
Variable

Dated Date:
October ___, 2001

Registered Owner:

The City of Picayune, a public body corporate and a political subdivision of the State of Mississippi (the "Landlord"), for value received, hereby promises to pay to the Registered Owner identified above, (unless redeemed prior thereto as provided herein), the principal sum not to exceed One Million Dollars ($1,000,000), unless prepaid or redeemed prior to maturity as hereinafter provided in the principal amounts, at the rate of interest, on the dates and under the terms and conditions hereinafter set forth.

UNLESS THE CONTEXT CLEARLY OTHERWISE REQUIRES OR OTHERWISE DEFINED HEREIN CAPITALIZED TERMS USED AND REFERRED TO IN THE BOND SHALL HAVE THE MEANING ASCRIBED TO EACH AS SET FORTH IN AN INDENTURE DATED AS OF OCTOBER 1, 2001 (THE "INDENTURE") BETWEEN THE LANDLORD AND Trustmark National Bank, Jackson, MISSISSIPPI, IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE (THE "TRUSTEE").

Except as hereinafter provided the principal of and interest due on this Bond shall be paid to the Registered Owner of this Bond as shown on the registration books kept by the Bond Registrar.

The Bond shall bear interest at the Interest Rate as such term is defined in the Indenture. However, in no event shall the Interest Rate exceed thirteen percent (13%) per annum. Interest shall commence accruing on the date of issuance. Interest shall be quarterly on January 1, April 1, July 1, and October 1 each year beginning October 1, 2002 (each, a "Payment Date").

This Bond represents an issue of Bonds of the Landlord designated as "City of Picayune Taxable Industrial Development Revenue Bonds, (Magnolia Air I, LLC Project) Series 2001A", issued in the maximum aggregate principal amount of $1,000,000 under and pursuant to the Constitution and laws of the State of Mississippi, particularly Title 57, Chapter 3, of the Mississippi Code of 1972, as amended and supplemented (the "Act"), and under and secured by the Indenture. This Bond is issued for the purpose of and the proceeds will be used for financing the Cost of the Project (as such term is defined in the Indenture) by Magnolia Air I, LLC (the "Tenant") under and pursuant to a Lease Agreement between the Landlord and Tenant dated March 29, 2001 as amended by the Amended and Restated Lease Agreement between the Landlord and Tenant dated as of October 1, 2001 (hereinafter, together with any amendments thereof, (the "Lease Agreement"), pursuant to which the Tenant is obligated to make Rentals (as such term is defined in the Lease Agreement) sufficient to pay the principal of and interest on this Bond. The obligation to make Rentals is evidenced by the Lease Agreement dated the date hereof, executed by the Tenant.

Copies of the Indenture and the Lease Agreement are on file at the principal corporate trust office of the Trustee and reference is made to the Indenture and the Lease Agreement for the provisions relating, among other things, to the terms and security of this Bond, the collection and disposition of the revenues and receipts of the Landlord from or in connection with the Project, the custody and application of the proceeds

of this Bond, the rights and remedies of the holders of this Bond, the rights, duties and obligations of the Landlord, the Tenant and the Trustee, and the modification or amendment of any of the foregoing documents.

The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts and shall be made to the Registered Owner(s) hereof by check delivered and received on each Principal and Interest Payment Date or by bank wire or bank transfer as such Registered Owner(s) may specify or otherwise as the Trustee and such Registered Owner(s) may agree.

This Bond is to be equally and ratably secured, to the extent provided in the Indenture, solely the rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Landlord's name or in the name of the Trustee) the Landlord's remedies under the Lease Agreement including, but not limited to the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement and the Deed of Trust, dated as of October 1, 2001, granted to _____ (the "Deed Trustee") by the Tenant (the "Deed of Trust"). This Bond, together with the interest hereon, is a limited obligation of the Landlord payable solely from the Revenues (as defined in the Indenture) and other funds and collateral as may be pledged under the Indenture, the Lease Agreement. Neither the State of Mississippi nor any other political subdivision thereof shall be obligated to pay the Bond or the interest thereon or other costs incident thereto except from the revenue or money pledged by the Landlord, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond.

The transfer of this Bond is registrable, as provided in the Indenture and in the provisions for registration endorsed hereon, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the Registered Owner(s) hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner(s) or his attorney duly authorized in writing. The Landlord and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

This Bond is subject to mandatory redemption prior to maturity upon direction of the Landlord without premium or penalty (as long as no Event of Default has occurred and is continuing), upon payment in each case of an amount equal to the principal amount of this Bond to be redeemed, together with interest accrued on such principal amount to such date in whole at any time (i) in case of damage or destruction to, or condemnation of the Project if the Tenant has determined to prepay a similar portion of the Rentals pursuant to the Lease Agreement and (ii) in the event and to the extent that there remains surplus funds in the Acquisition Fund upon Completion of the Project as provided in Section 5.07 of the Indenture and Section 10.8 of the Lease Agreement.

All Bonds shall also be subject to mandatory sinking fund at par plus accrued interest without premium, on each September 1 commencing September 1, 2003 and continuing through and including September 1, 2016, in the following principle amounts:

September 1 of the Year	Principle Amount
2003	_____
2004	_____
2005	_____
2006	_____
2007	_____
2008	_____
2009	_____
2010	_____

2011	_____
2012	_____
2013	_____
2014	_____
2015	_____
2016	_____

(unless and to the extent any credit against such amount is applied as provided in this Indenture, or if less than such amount is then Outstanding, an amount equal to the aggregate principal amount of the Bonds then Outstanding).

This Bond is subject to optional redemption in accordance with Article VII of the Indenture at par plus accrued interest without premium, at the written request of the Tenant as required in the Indenture, in whole or in part. Provided that in no event shall the Bonds be subject to optional redemption prior to the earlier of September 1, 2003 or six (6) months after the Completion Date.

All redemptions and prepayments made by the Landlord are to be applied first in reduction of interest then due at the rate stated herein, and any amount remaining after such payment of said interest shall be applied to reduction of principal, or in such other order as the Registered Owner shall direct in its sole discretion.

Subject to the foregoing, any redemption of this Bond, either in whole or in part, shall be made upon at least thirty (30) days, or such lesser period of time as shall be acceptable to the Registered Owner and the Trustee, prior notice in the manner and upon the terms and conditions provided in the Indenture. If this Bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Indenture, interest on this Bond shall cease to accrue from such date, and from and after such date this Bond shall no longer be entitled to any lien, benefit, or security under the Indenture, and the holder hereof shall have no rights in respect of this Bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee of the Trustee's Certificate of Authentication hereon.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any member, agent, or employee of the Landlord in his individual capacity, and neither the members of the Landlord nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law and the Indenture, and that the issuance of this Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Mississippi.

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IN WITNESS WHEREOF, the Landlord has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its City Clerk or thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk as of the 1st day of October, 2001.

CITY OF PICAYUNE, MISSISSIPPI

By:

_____

Mayor

ATTEST:

_____

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds, Series 2001, (Magnolia Air I, LLC Project) described in the within mentioned Indenture. The date of authentication of this Bond is October ____, 2001.

Trustmark National Bank
as Trustee

By: _____
Title: _____

(Form of Assignment)

FOR VALUE RECEIVED

The undersigned hereby sells, assigns and transfers unto

(Please insert Social Security
Number or other identifying
number of Assignee)

the within Bond and all rights thereunder of CITY OF PICAYUNE, MISSISSIPPI and does hereby irrevocably constitute and appoint, as attorney to transfer the said Bond on the books of the within named Landlord, with full power of substitution in the premises.

Dated:

In the presence of:

_____
Registered Owner(s)

Signature Guaranteed:

CERTIFICATE OF VALIDATION

This Bond is the Bond described in the within mentioned Indenture which was validated by decree of the Chancery Court of Pearl River County, Mississippi on _____ __, 2001.

_____

City Clerk
City of Picayune, Mississippi

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MISSISSIPPI
CITY OF PICAYUNE
TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND
(MAGNOLIA AIR I, LLC PROJECT)
SERIES 2001B

No. RB-1

Maximum Principal Amount:
$1,770,000

Interest Rate
Variable

Dated Date:
October ___, 2001

Registered Owner:

The City of Picayune, a public body corporate and a political subdivision of the State of Mississippi (the "Landlord"), for value received, hereby promises to pay to the Registered Owner identified above, (unless redeemed prior thereto as provided herein), the principal sum not to exceed One Million Dollars, Seven Hundred Seventy Thousand ($1,770,000), unless prepaid or redeemed prior to maturity as hereinafter provided in the principal amounts, at the rate of interest, on the dates and under the terms and conditions hereinafter set forth.

UNLESS THE CONTEXT CLEARLY OTHERWISE REQUIRES OR OTHERWISE DEFINED HEREIN CAPITALIZED TERMS USED AND REFERRED TO IN THE BOND SHALL HAVE THE MEANING ASCRIBED TO EACH AS SET FORTH IN AN INDENTURE DATED AS OF OCTOBER 1, 2001 (THE "INDENTURE") BETWEEN THE LANDLORD AND Trustmark National Bank, Jackson, MISSISSIPPI, IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE (THE "TRUSTEE").

Except as hereinafter provided the principal of and interest due on this Bond shall be paid to the Registered Owner of this Bond as shown on the registration books kept by the Bond Registrar.

The Bond shall bear interest at the Interest Rate as such term is defined in the Indenture. However, in no event shall the Interest Rate exceed thirteen percent (13%) per annum. Interest shall commence accruing on the date of issuance. Interest shall be quarterly on January 1, April 1, July 1, and October 1 each year beginning October 1, 2001 (each, a "Payment Date").

This Bond represents an issue of Bonds of the Landlord designated as "City of Picayune Taxable Industrial Development Revenue Bonds, (Magnolia Air I, LLC Project) Series 2001B", issued in the maximum aggregate principal amount of $1,770,000 under and pursuant to the Constitution and laws of the State of Mississippi, particularly Title 57, Chapter 3, of the Mississippi Code of 1972, as amended and supplemented (the "Act"), and under and secured by the Indenture. This Bond is issued for the purpose of and the proceeds will be used for financing the Cost of the Project (as such term is defined in the Indenture) by Magnolia Air I, LLC (the "Tenant") under and pursuant to a Lease Agreement between the Landlord and Tenant dated March 29, 2001 as amended by the Amended and Restated Lease Agreement between the Landlord and Tenant dated as of October 1, 2001 (hereinafter, together with any amendments thereof, (the "Lease Agreement"), pursuant to which the Tenant is obligated to make Rentals (as such term is defined in the Lease Agreement) sufficient to pay the principal of and interest on this Bond. The obligation to make Rentals is evidenced by the Lease Agreement dated the date hereof, executed by the Tenant.

Copies of the Indenture and the Lease Agreement are on file at the principal corporate trust office of the Trustee and reference is made to the Indenture and the Lease Agreement for the provisions relating, among other things, to the terms and security of this Bond, the collection and disposition of the revenues and receipts

of the Landlord from or in connection with the Project, the custody and application of the proceeds of this Bond, the rights and remedies of the holders of this Bond, the rights, duties and obligations of the Landlord, the Tenant and the Trustee, and the modification or amendment of any of the foregoing documents.

The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts and shall be made to the Registered Owner(s) hereof by check delivered and received on each Principal and Interest Payment Date or by bank wire or bank transfer as such Registered Owner(s) may specify or otherwise as the Trustee and such Registered Owner(s) may agree.

This Bond is to be equally and ratably secured, to the extent provided in the Indenture, solely the rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Landlord's name or in the name of the Trustee) the Landlord's remedies under the Lease Agreement including, but not limited to the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement and the Deed of Trust, dated as of October 1, 2001, granted to _____ (the "Deed Trustee") by the Tenant (the "Deed of Trust"). This Bond, together with the interest hereon, is a limited obligation of the Landlord payable solely from the Revenues (as defined in the Indenture) and other funds and collateral as may be pledged under the Indenture, the Lease Agreement. Neither the State of Mississippi nor any other political subdivision thereof shall be obligated to pay the Bond or the interest thereon or other costs incident thereto except from the revenue or money pledged by the Landlord, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond.

The transfer of this Bond is registrable, as provided in the Indenture and in the provisions for registration endorsed hereon, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the Registered Owner(s) hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner(s) or his attorney duly authorized in writing. The Landlord and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

This Bond is subject to mandatory redemption prior to maturity upon direction of the Landlord without premium or penalty (as long as no Event of Default has occurred and is continuing), upon payment in each case of an amount equal to the principal amount of this Bond to be redeemed, together with interest accrued on such principal amount to such date in whole at any time (i) in case of damage or destruction to, or condemnation of the Project if the Tenant has determined to prepay a similar portion of the Rentals pursuant to the Lease Agreement and (ii) in the event and to the extent that there remains surplus funds in the Acquisition Fund upon Completion of the Project as provided in Section 5.07 of the Indenture and Section 10.8 of the Lease Agreement. All Bonds shall also be subject to mandatory sinking fund at par plus accrued interest without premium, on each September 1 commencing September 1, 2003 and continuing through and including September 1, 2016, in the following principle amounts:

September 1 of the Year	Principle Amount
2003	_____
2004	_____
2005	_____
2006	_____
2007	_____
2008	_____
2009	_____
2010	_____
2011	_____
2012	_____
2013	_____
2014	_____
2015	_____
2016	_____

(unless and to the extent any credit against such amount is applied as provided in this Indenture, or if less than such amount is then Outstanding, an amount equal to the aggregate principal amount of the Bonds then Outstanding).

Upon receiving the Trustee Tender Notice (defined below), the Holder of any of the Series 2001B Bonds shall have the right to tender such Series 2001B Bonds to the Tender Agent for purchase in whole or in part (if in part, only in an Authorized Denomination) on the sixtieth (60th) day (unless such day is not a Business Day, in which case the next Business Day) following receipt by the Tender Agent of notice from the Holder that such Holder has elected to tender such Series 2001B Bonds (the "Optional Tender Date"). Such Series 2001B Bonds shall be tendered at a Purchase Price equal to one hundred percent (100%) of the principal amount of Bonds (or portions thereof) tendered plus accrued interest to the Optional Tender Date. In order to exercise such option with respect to any of the Series 2001B Bonds, the Holder thereof must deliver an Optional Tender Notice (as described below) to the Tender Agent, as provided below at least sixty (60) days prior to the proposed Optional Tender Date.

Under paragraph 3.3 of the Sub-Lease Agreement, Chevron, the sub-tenant, must give notice of its intent to renew the Sub-Lease Agreement six (6) months before the end of the Original Term (as defined in the Sub-Lease Agreement) of the Sub-Lease Agreement. Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to renew or not to renew the Sub-Lease Agreement (the "Tenant's First Notice").

If Chevron renews the Sub-Lease Agreement after the expiration of the Original Term of the Sub-Lease Agreement, under paragraph 3.3 of the Sub-Lease Agreement, Chevron must give notice of its intent to renew the Sub0Lease Agreement six (6) months before the end of this Extension Term (as defined in the Sub-Lease Agreement). Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to further renew or not to further renew the Sub-Lease Agreement (the "Tenant's Second Notice").

Within one hundred twenty (120) days of the Trustee's receipt of the Tenant's First Notice or Tenant's's Second Notice, whichever is applicable, the Trustee must give written notice of Chevron's decision to renew or not to renew the Sub-Lease Agreement to the Holders of the Series 2001B Bonds (the "Trustee Tender Notice").

The Optional Tender Notice required to be delivered to exercise the right of Optional Tender described above of this Section shall contain such information and be in such form and delivered to the Tender Agent as follows:

Such notice shall be (A) duly executed by the Bondholder, in substantially the form attached as Exhibit C attached to the Indenture, or in such other form as shall be acceptable to the Tender Agent, specifying (1) the name of the registered Holder of the Bond to be tendered for purchase, (2) the Optional Tender Date, (3) the certificate number and principal amount of such Bond, and (4) the principal amount of such Bond to be purchased (if such amount is less than the entire principal amount, the amount to be purchased must be an Authorized Denomination), and (B) given to the Tender Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent not more than two (2) Business Days after such telephonic notice.

If any Optional Tender Notice specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Holder will be deemed to have tendered the Bond in its entire principal amount for purchase.

Not later than 3:00 p.m. (prevailing Central time) on the Business Day after receipt of any such telephonic or written Optional Tender Notice, the Tender Agent shall deliver written notice to the Trustee, the Remarketing Agent, and the Tenant specifying (i) the principal amount of Bonds for which an Optional Tender Notice has been given and (ii) the proposed Optional Tender Date therefor.

Upon delivery of an Optional Tender Notice as described in paragraph (c) of this Section, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Bond, the Holder thereof shall have property exercised the right of Optional Tender pursuant to this Section.

If an Optional Tender Notice shall have been duly given with respect to any of the Series 2001B Bonds, such Series 2001B Bonds shall be purchased from the Holder thereof as follows:

the Holder of such Series 2001B Bonds shall deliver such Series 2001B Bonds to the Tender Agent at or before 10:00 a.m. (prevailing Central time) on the Optional Tender Date, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on such Series 2001B Bonds or in such other form as shall be acceptable to the Tender Agent.

This Bond is subject to optional redemption in accordance with Article VII of the Indenture at par plus accrued interest without premium, at the written request of the Tenant as required in the Indenture, in whole or in part. Provided that in no event shall the Bonds be subject to optional redemption prior to the earlier of September 1, 2003 or six (6) months after the Completion Date.

All redemptions and prepayments made by the Landlord are to be applied first in reduction of interest then due at the rate stated herein, and any amount remaining after such payment of said interest shall be applied to reduction of principal, or in such other order as the Registered Owner shall direct in its sole discretion.

Subject to the foregoing, any redemption of this Bond, either in whole or in part, shall be made upon at least thirty (30) days, or such lesser period of time as shall be acceptable to the Registered Owner and the Trustee, prior notice in the manner and upon the terms and conditions provided in the Indenture. If this Bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Indenture, interest on this Bond shall cease to accrue from such date, and from and after such date this Bond shall no longer be entitled to any lien, benefit, or security under the Indenture, and the holder hereof shall have no rights in respect of this Bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee of the Trustee's Certificate of Authentication hereon.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any member, agent, or employee of the Landlord in his individual capacity, and neither the members of the Landlord nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law and the Indenture, and that the issuance of this Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Mississippi.

IN WITNESS WHEREOF, the Landlord has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its City Clerk or thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manul or facsimile signature of its Clerk as of the 1st day of October, 2001.

CITY OF PICAYUNE, MISSISSIPPI

By:

_____

Mayor

ATTEST:

_____

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds, (Magnolia Air I, LLC Project) Series 2001 B Bonds described in the within mentioned Indenture. The date of authentication of this Bond is October ____, 2001.

Trustmark National Bank
as Trustee

By: _____
Title: _____

(Form of Assignment)

FOR VALUE RECEIVED

The undersigned hereby sells, assigns and transfers unto

(Please insert Social Security
Number or other identifying
number of Assignee)

the within Bond and all rights thereunder of CITY OF PICAYUNE, MISSISSIPPI and does hereby irrevocably constitute and appoint, as attorney to transfer the said Bond on the books of the within named Landlord, with full power of substitution in the premises.

Dated:

In the presence of:

_____
Registered Owner(s)

Signature Guaranteed:

EXHIBIT C

Form of PPPM

EXHIBIT C

NOTICE OF ELECTION OF TENDER

Duncan Williams, Inc.
as Tender Agent
5860 Ridgeway Center Parkway
Memphis, Tennessee

Ladies and Gentlemen:

This notice is being sent to you in your capacity as tender agent under the Trust Indenture, dated as of October 1, 2001 (the "Indenture"), between the City of Picayune (the "Landlord") and Trustmark National Bank, Jackson, Mississippi, as Trustee (the "Trustee"), relating to the Landlord's $1,770,000 Industrial Development Revenue Bonds (Magnolia Air I, LLC Project), Series 2001B (the "Bonds"). You are hereby notified that:

1. The undersigned is the owner of the below-described Bond(s) outstanding under the Indenture:

No. :_____
Principal Amount:_____
Maturity Date:_____
$:_____

2. The undersigned's address is:

_____
_____
_____

3. The undersigned irrevocably elects to tender Bond No(s) _____ in the principal amount(s) of $___ _____ (or any portion thereof in an amount of $100,000 or any integral multiple of $5,000 in excess of $100,000) for purchase on _____, __ (the "Optional Tender Date"), which date shall be a Business Day not prior to the seventh (7th) day next preceding the date of delivery of this notice and which date shall be prior to the Conversion Date.

4. The undersigned agrees to deliver such Bond(s) (with an appropriate instrument of transfer duly executed in blank) to the Tender Agent, at [its payment office] at or prior to 10:00 a.m., prevailing Central time, on such Optional Tender Date and acknowledges, however, that no Bond (or portion thereof in any authorized denomination) shall be purchased unless the Bond so delivered to the Trustee shall conform in all respects to the description thereof in this notice.

5. The undersigned acknowledges that this notice of election is irrevocable and is binding on the undersigned and on any transferee of the undersigned. The undersigned further acknowledges that if the undersigned fails to deliver such Bond(s) to the Trustee on or before 10:00 a.m. prevailing Central time on such Optional Tender Date, such Bond(s) which are not delivered to the Trustee shall be deemed to have been properly tendered to the Trustee and, to the extent that there shall be on deposit with the Trustee on or before the Optional Tender Date an amount sufficient to pay the purchase price thereof, such Bond(s) shall cease to constitute or represent a right to payment of principal or interest thereon and shall constitute and represent only the right to the payment of purchase price payable on the Optional Tender Date.

6. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

Exhibit C

RECESSED MEETING DATED OCTOBER 16, 2001

PRELIMINARY PRIVATE PLACEMENT MEMORANDUM

NEW ISSUE Not Rate

$1,000,000*
Series 2001A
City of Picayune, Mississippi
Taxable Industrial Development Revenue Bonds
(Magnolia Air I, LLC Project)

and

$1,770,000*
Series 2001B
City of Picayune, Mississippi
Taxable Industrial Development Revenue Bonds
(Magnolia Air I, LLC Project)

Dated: Date of Delivery **Due: September 1, 201**

The Bonds are being issued by the City of Picayune (the "Issuer") to provide funds to Magnolia Air I, LLC (the "Borrower"), pursuant to a Lease Agreeme (the "Original Lease") dated as of March 29, 2001, as amended by the Amended and Restated Lease Agreement, dated as of October 1, 2001 (collectively wi the Original Lease, the "Lease Agreement"). The Borrower will use the proceeds for the purpose of (i) constructing buildings, improvements, machinery an equipment for the maintenance and re-manufacturing of aircraft and (ii) providing for the payment of the expenses incurred in connection with the issuance of th Bonds (collectively, the "Project").

The Bonds and the interest thereon are limited obligations of the Issuer payable solely from the revenues and income derived from the Lease Agreeme and the Sub-Lease Agreement dated May 24, 2001 by and between the Borrower and Chevron U.S.A., Inc. ("Chevron"), which revenues and income have bee pledged and assigned to the Trustee to secure payment thereof. Pursuant to the Lease Agreement, the Borrower is obligated to repay the proceeds of the Bond by making payments at such times and in such amounts as shall be required to pay the principal of, premium, if any, and interest on the Bonds and certain othe fees and expenses and to make payments sufficient to pay the purchase price of Bonds tendered or deemed tendered for purchase to the extent that other money are not available therefor, as described in the Lease Agreement.

These Bonds are to be equally and ratably secured, to the extent provided in the Indenture, solely by the rents payable under Section 7.1.1 of the Leas Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Issuer's name o in the name of the Trustee) the Issuer's remedies under the Lease Agreement, including, but not limited to, the remedies provided under Section 25.4, 25.5, 25. and 25.7 of the Lease Agreement, and the Deed of Trust, dated as of October 1, 2001, granted to Trustmark National Bank, Jackson, Mississippi (the "Trustee by the Borrower (the "Deed of Trust").

THE BONDS AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT O THE STATE OF MISSISSIPPI NOR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE OF MISSISSIPPI NOR ANY POLITICAL SUBDIVISIO THEREOF, INCLUDING THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDEN THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWE OF THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER IS PLEDGED TO THE PAYMENT OF TH PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

The Bonds will be issued in fully registered form in Authorized Denominations, as defined herein, and will mature, subject to prior redemption as describe below, on September 1, 2016.

Interest on the Bonds is payable quarterly on the first Business Day of January, April, July and October. Principal of, premium, if any, on and the purchas price of the Bonds are payable at the principal corporate trust office of the Trustee. Interest payments on the Bonds are payable by check or draft of the Truste mailed to the registered owners thereof, or, in certain circumstances, by wire transfer. The Bonds are subject to optional and mandatory redemption in the manne and at the times described herein. The Series 2001B Bonds are also subject to optional tender in the manner and at the times described herein.

THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL THEREOF, INTEREST THEREON AND ANY REDEMPTION OR PURCHASE PREMIUM AND PURCHASE PRICE WITH RESPECT THERETO DO NOT NOW AND WILL NEVER CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF TH ISSUER, THE STATE OF MISSISSIPPI (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONA LIMITATION OR STATUTORY PROVISION, OR CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM, BUT WIL BE SECURED AS AFORESAID, AND WILL BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE LEASE AGREEMENT, WHIC REVENUES AND INCOME HAVE BEEN PLEDGED AND ASSIGNED TO THE TRUSTEE TO SECURE PAYMENT THEREOF.

NEITHER THE STATE, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR THE INTERES ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUE OR MONEY PLEDGED BY THE BORROWER AND NEITHER TH FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF TH PRINCIPAL OF, OR THE INTEREST ON, THE BONDS.

The Bonds are being offered when, as and if issued by the Issuer, subject to the approval of their validity by Butler, Snow, O'Mara, Stevens & Cannada PLLC, Jackson, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Butler, Snow, O'Mara, Stevens & Cannada PLLC, Jackson, Mississippi and by Gerald Cruthird, Attorney at Law, Picayune, Mississippi.

DUNCAN WILLIAMS, INC.
MEMPHIS, TENNESSEE
PLACEMENT AGENT

_____, 2001

*Preliminary amount, subject to change but total amount will be no larger than $3,000,000

[Red Herring Language for the Cover]

THIS PRELIMINARY PLACEMENT MEMORANDUM AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT IN A FINAL PLACEMENT MEMORANDUM. The Bonds may not be sold nor may offers to buy be accepted prior to the time the final Placement Memorandum is delivered. Under no circumstances shall this Preliminary Placement Memorandum constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to regulation or qualification under the securities laws of that jurisdiction.

No dealer, broker, salesman or other person has been authorized by the Issuer or the Borrower to give any information or to make any representations, other than those contained in this Preliminary Placement Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Placement Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Preliminary Placement Memorandum nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Borrower.

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The Bonds have not been registered under the Securities Act of 1933, nor has the Indenture been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such Acts. In addition, the Bonds have not been registered or qualified under the securities laws of any state, and the lack of a requirement to so register or qualify the Bonds cannot be regarded as a recommendation thereof. No states or any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Preliminary Placement Memorandum. Any representation to the contrary may be a criminal offense.

Preliminary Placement Memorandum

$1,000,000*
City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds
(Magnolia Air I, LLC Project)
Series 2001A

And

$1,770,000
City of Picayune, Mississippi Taxable Industrial Development Revenue Bonds
(Magnolia Air I, LLC Project)
Series 2001B

INTRODUCTORY STATEMENT

This Preliminary Placement Memorandum, including the cover page and appendices, is furnished in connection with the offering of $1,000,000 principal amount of Taxable Industrial Development Bonds, Series 2001 (Magnolia Air I, LLC Project) Series 2001A and $1,770,000 principle amount of Taxable Industrial Development Bonds (Magnolia Air I, LLC) Series 2001B (the "Bonds") of the City of Picayune, Mississippi (the "Issuer"). The Bonds will be equally and ratably secured by, and will be issued pursuant to, an Indenture of Trust dated as of October 1, 2001 (the "Indenture"), from the Issuer to Trustmark National Bank, Jackson, Mississippi, as trustee (the "Trustee").

The proceeds of the Bonds will be loaned to Magnolia Air I, LLC, a Mississippi limited liability corporation (the "Borrower") to be used to (i) finance the construction, installation and equipping for the maintenance and re-manufacturing of aircraft on the Issuer's property in Picayune, Mississippi, and (ii) pay certain costs of issuing the Bonds. The Issuer and the Borrower will amend the Original Lease to evidence such loan. Pursuant to the Lease Agreement, the Borrower is required to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Bonds will be secured by a pledge and assignment to the Trustee pursuant to the Indenture, with certain reservations, of the rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Issuer's name or in the name of the Trustee) the Issuer's remedies under the Lease Agreement, including, but not limited to, the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement.

THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF MISSISSIPPI NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

This Preliminary Placement Memorandum contains descriptions of, among other matters, the Bonds, the Issuer, the Borrower, Chevron and in Appendix B attached hereto, the Indenture, the Lease Agreement, the Sub-Lease Agreement and the Deed of Trust. Such descriptions and information do not purport to be comprehensive or definitive. **Definitions of certain words and terms used in this Preliminary Placement Memorandum are set forth herein or otherwise have the meaning ascribed to such terms in Appendix A - Definitions of Certain Terms.** All references herein to the Indenture, the Lease Agreement, the Sub-Lease Agreement, the Deed of Trust and all other documents related thereto are qualified in their entirety by

reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Until the issuance and delivery of the Bonds, copies of the Indenture, the Lease Agreement, the Sub-Lease Agreement, the Deed of Trust and other documents herein described may be obtained from Duncan Williams, Inc., Memphis, Tennessee (the "Placement Agent"). The address of the Placement Agent is 5860 Ridgeway Center Parkway Memphis, Tennessee and its telephone number is 1-800-827-0827. Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee after delivery of the Bonds. The address of the principal corporate office of the Trustee is 121 E. Canal Street, Picayune, Mississippi 39466-4505.

This Preliminary Placement Memorandum is only intended for use in connection with the initial offering of the Bonds. The delivery of this Preliminary Placement Memorandum shall not under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Borrower since the date hereof.

THE BONDS

General

The Bonds shall be initially issued as fully registered bonds without coupons in denominations of $100,000 and in multiples of $5,000 above $100,000. The Series 2001 Bonds shall be issued and secured by and in accordance with this Indenture in the aggregate principal amount of $1,000,000 for the Series 2001A Bonds and in the aggregate principal amount of $1,770,000 for the Series 2001B Bonds, both for the purpose of financing the Cost of the Project; both shall be dated the date of the authentication and delivery thereof, and shall be payable in one principal installment of $_____ payable on September 1, 2016. The Series 2001A Bond shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2002) at LIBOR, plus two hundred fifty (250) basis points. The Series 2001B Bonds shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2016) at LIBOR, plus two hundred twenty-five (225) basis points.

The principal of the Bonds that has matured shall be payable to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Trust Office for such purpose. The interest on the registered Bonds when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal and interest on the Series 2001 Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Interest Rate on the Bonds

The Series 2001A Bond shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2002) at LIBOR, plus two hundred fifty (250) basis points. The Series 2001B Bonds shall bear interest (payable quarterly on January 1, April 1, July 1, and October 1 commencing on January 1, 2016) at LIBOR, plus two hundred twenty-five (225) basis points. For purposes of this rate "LIBOR" shall mean the interest rate published in *The Wall Street Journal* two (2) Business Days prior to the Interest Payment Date in United States Dollars at the London Interbank Offered Rate ("LIBOR") and such rate shall be recalculated on the first Business Day of each third month thereafter. Interest shall be computed as if a calendar year consisted of three hundred sixty (360) days and charged on a daily basis.

In no event shall the interest rate borne by the Bonds exceed 13% per annum.

The determination of any interest rate in accordance with the provisions of the Indenture shall be conclusive and shall be binding upon the Trustee, the Issuer, the Borrower, and the Bondholders.

Registration and Transfer of Bonds

Any holder of a Bond, in person or by his duly authorized attorney, may register the transfer of his Bond on the Bond Register, upon surrender thereof at the principal corporate trust office of the Trustee, together with a written instrument of transfer (in such form as shall be reasonably satisfactory to the Trustee) executed by the holder or his duly authorized attorney; and upon surrender for registration of transfer of any Bond, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the designated transferee or transferees a new Bond or Bonds of the same Stated Maturity, aggregate principal amount and tenor as the Bond surrendered and of any Authorized Denomination.

Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Bonds of the same Stated Maturity, interest rate, aggregate principal amount and tenor as the Bonds being exchanged and of any Authorized Denomination. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfers or exchanges of Bonds shall be without charge to the holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required (a) to register the transfer of or exchange any Bond for a period of ten (10) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of sixty (60) days next preceding any selection of Bonds of the same Series and maturity as such Bond to be redeemed and thereafter until after the first publication or mailing of any notice of redemption or (c) to register the transfer or exchange any Bond called for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of, or on account of, either principal or interest shall be made only to or upon the order of such person or his duly authorized attorney, but such registration may be changed as hereinabove described. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Redemption

The Bonds may be called for redemption as described below.

Optional Redemption. The Bonds are subject to optional redemption and payment prior to maturity, upon the written request of the Borrower, the earlier of September 1, 2003 or six (6) months after the Completion Date of the project and thereafter in whole on any date or in part on any Interest Payment Date, at par, plus accrued interest thereon to the date fixed for redemption and payment.

Extraordinary Optional Redemption. The Bonds shall be subject to extraordinary optional redemption and payment prior to the stated maturity thereof, in whole or in part upon the written request of the Borrower, on any date at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, upon the occurrence of any of the following conditions or events:

(i) If title to, or the use for a limited period of, substantially all or a part of the Project is condemned by any authority having the power of eminent domain, such that, in the

reasonable opinion of the Borrower, the efficient utilization of the Project by the Borrower is impaired or the efficient utilization of the Project by the Borrower is impaired as provided as provided in Section 20.1 of the Lease Agreement; or

(ii) if substantially all or a part of the Project is damaged or destroyed by fire or other casualty to such extent that, in the reasonable opinion of the Borrower, it is not practicable or desirable to rebuild, repair or restore, as provided in Section 19.2 of the Lease Agreement.

Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to maturity in accordance with the provisions of Article VII of the Indenture upon direction of the Issuer and the Borrower's consent, without premium or penalty (if there is no Event of Default under the Indenture that has occurred and is continuing), upon payment in each case of an amount equal to the amount of the Bonds to be redeemed, together with interest accrued on such principal amount to such date, in whole or in part, at any time, (i) in case of damage or destruction to, or condemnation of the Project if the Borrower has determined to prepay a similar portion of the Rentals pursuant to the Lease Agreement or (ii) in the event and to the extent that there remains surplus funds in the Acquisition Fund upon completion as provided in Section 5.07 of the Indenture and Section 10.8 of the Lease Agreement.

All Bonds shall also be subject to mandatory sinking fund redemption at par plus accrued interest without premium, on each September 1 commencing September 1, 2003 and continuing through and including September 1, 2016, in the following principal amounts on September 1, in each of the years set forth below, under the provisions of the Indenture at par, plus accrued interest without premium as set forth below: (unless and to the extent any credit against such amount is applied as provided in this Indenture, or if less than such amount is then Outstanding, an amount equal to the aggregate principal amount of the Bonds then Outstanding):

September 1 of the Year	Series A Principal Amount	Series B Principal Amount
2003	_____	_____
2004	_____	_____
2005	_____	_____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____

The Trustee shall credit against the mandatory sinking fund requirements for the Bonds as set forth above, any of the Bonds delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not therefore applied as a credit against any redemption obligation. The Bonds so delivered or canceled shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund redemption date, and any excess of such amounts shall be credited to future redemption obligations, and the principal amount of the bonds of such maturity to be redeemed by operation of the mandatory sinking fund

requirements shall be accordingly reduced; provided, however, that the Trustee shall only credit such Bonds to the extent such are received on or before forty-five (45) days preceding the applicable mandatory redemption date as set forth above.

Notice of Redemption. The Trustee shall cause notice of the call for any such redemption identifying the Bonds to be redeemed to be sent not less than 30 days prior to the Redemption Date (a) by first-class mail postage prepaid, to the holder of each such Bond to be redeemed at his address as it appears on the registration books of the Trustee, (b) by first-class mail, to at least two organizations registered with the Securities and Exchange Commission as securities depositories, or (c) to at least one information service of national recognition which disseminates redemption information with respect to municipal securities. Failure to give any notice described in (a) or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred and failure to give any notice described in (b) or (c), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (a) is correctly given. Any notice mailed as described above shall conclusively be presumed to have been given whether or not actually received by any Holder. All Bonds called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment on the date fixed for redemption.

Optional Tender for Series 2001B Bonds. Upon receiving the Trustee Tender Notice (defined below), the Holder of any of the Series 2001B Bonds shall have the right to tender such Series 2001B Bonds to the Duncan Williams, Inc., Memphis, Tennessee, as tender agent (the "Tender Agent") for purchase in whole or in part (if in part, only in an Authorized Denomination) on the sixtieth (60th) day (unless such day is not a Business Day, in which case the next Business Day) following receipt by the Tender Agent of notice from the Holder that such Holder has elected to tender such Series 2001B Bonds (the "Optional Tender Date"). Such Series 2001B Bonds shall be tendered at a Purchase Price equal to one hundred percent (100%) of the principal amount of Bonds (or portions thereof) tendered plus accrued interest to the Optional Tender Date. In order to exercise such option with respect to any of the Series 2001B Bonds, the Holder thereof must deliver an Optional Tender Notice (as defined below) to the Tender Agent, as provided below, at least sixty (60) days prior to the proposed Optional Tender Date.

Under paragraph 3.3of the Sub-Lease Agreement, Chevron, the sub-tenant, must give notice of its intent to renew the Sub-Lease Agreement six (6) months before the end of the Original Term (as defined in the Sub-Lease Agreement) of the Sub-Lease Agreement. Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to renew or not to renew the Sub-Lease Agreement (the "Tenant's First Notice") to the Tenant.

If Chevron renews the Sub-Lease Agreement after the expiration of the Original Term of the Sub-Lease Agreement, under paragraph 3.3 of the Sub-Lease Agreement, Chevron must give notice of its intent to renew the Sub0Lease Agreement six (6) months before the end of this Extension Term (as defined in the Sub-Lease Agreement). Within ten (10) days of the expiration of this six month notice period, pursuant to the Lease Agreement, Tenant must give written notice to the Trustee of Chevron's decision to further renew or not to further renew the Sub-Lease Agreement (the "Tenant's Second Notice").

Within one hundred twenty (120) days of the Trustee's receipt of the Tenant's Notice or the Tenant's Second Notice, whichever is applicable, the Trustee must give written notice of Chevron's decision to renew or not to renew the Sub-Lease Agreement to the Holders of the Series 2001B Bonds (the "Trustee Tender Notice").

The Optional Tender Notice required to be delivered to exercise the right of Optional Tender above shall contain such information and be in such form and delivered to the Tender Agent as follows:

Such notice shall be (A) duly executed by the Bondholder, in substantially the form attached as Exhibit C, attached to the Indenture, or in such other form as shall be acceptable to the Tender Agent, specifying (1) the name of the registered Holder of the Bond to be tendered for purchase, (2) the Optional Tender Date, (3) the certificate number and principal amount of such Bond, and (4) the principal amount of such Bond to be purchased (if such amount is less than the entire principal amount, the amount to be purchased must be an Authorized Denomination), and (B) given to the Tender Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent not more than two (2) Business Days after such telephonic notice.

If any Optional Tender Notice specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a Optional Tender Notice indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Holder will be deemed to have tendered the Bond in its entire principal amount for purchase.

Not later than 3:00 p.m. (prevailing Central time) on the Business Day after receipt of any such telephonic or written Optional Tender Notice, the Tender Agent shall deliver written notice to the Trustee, the Duncan Williams, Inc.,Memphis, Tennessee, as remarketing agent (the "Remarketing Agent"), and the Tenant specifying (i) the principal amount of Bonds for which an Optional Tender Notice has been given and (ii) the proposed Optional Tender Date therefor.

Upon delivery of an Optional Tender Notice as described above, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Bond, the Holder thereof shall have property exercised the right of Optional Tender pursuant to this Section.

If an Optional Tender Notice shall have been duly given with respect to any of the Series 2001B Bonds, such Series 2001B Bonds shall be purchased from the Holder thereof as follows:

The Holder of such Series 2001B Bonds shall deliver such Series 2001B Bonds to the Tender Agent at or before 10:00 a.m. (prevailing Central time) on the Optional Tender Date, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on such Series 2001B Bonds or in such other form as shall be acceptable to the Tender Agent.

SECURITY FOR THE BONDS

The Bonds are special, limited revenue obligations of the Issuer, as described on the cover page hereof, and the principal of, premium, if any, and interest on the Bonds will be payable, except to the extent payable from Bond proceeds and other moneys pledged therefor solely from, and will be secured by a pledge of, the rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Issuer's name or in the name of the Trustee) the Issuer's remedies under the Lease Agreement, including, but not limited to, the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement.

Under the Sub-Lease, Chevron must pay Base Rent equal to Five Hundred-Twenty-Eight Thousand and No/100 Dollars ($528,000) a year, payable on the first day of each month in equal installments of Forty-Four Thousand and No/100 Dollars ($44,000). After deducting amounts due as rent to the Issuer, under Section 7.1(a) of the Lease Agreement, Five Hundred Twenty-Two Thousand Dollars ($522,000) will be

available to pay the debt service on the Bonds. The maximum annual debt service at the initial rate (assuming this initial rate is set at 5.10% for the Series 2001A Bonds and 4.85% for the Series B Bonds) is _____ _____ ($_____). At this initial rate, the Sub-Lease Agreement produces a debt service coverage of ___ times. For other provisions of the Sub-Lease see Section entitled "The Sub-Lease Agreement" herein.

The Trustee will also have a Leasehold Deed of Trust under and pursuant to which Borrower shall pledge its interest in the Lease Agreement, the Sub-Lease Agreement and the Project to secure the payment of the Bonds.

SOURCES AND USES OF FUNDS

Proceeds of the Bonds will be used to pay or reimburse the Borrower for certain (i) costs of the Project; and (ii) expenses of issuing the Bonds. The estimated sources and uses of such proceeds are as follows:

Sources of Funds	
Principal amount of the Bonds	$2,770,000*
Total Sources of Funds	$2,770,000*
Uses of Funds	
Placement Fee	$_____
Costs of Issuance	$_____
Capitalized Interest	$_____
Acquisition Fund	$_____
Rounding	$_____
Developer's Fee	$_____
Total Uses of Funds	$_____

THE ISSUER

The City of Picayune was named by Eliza Poitevant, a former resident of the area and author who wrote under the pen name of Pearl Rivers. She married the publisher of the New Orleans Newspaper which today is known as The Times-Picayune. The City of Picayune was given its present name in honor of the newspaper which her husband published.

The City was incorporated September 30, 1904 as a village, December 12, 1905 as a town and October 20, 1922 as a city. It lies four miles east of the Mississippi-Louisiana state line, 30 miles inland from the Gulf of Mexico and 45 miles northeast of New Orleans, Louisiana.

The County, named for the Pearl River, which separates Louisiana from Pearl River County, Mississippi is located in the Piney Woods soil area of the State.

The City is presently operated under the council-manager form of government, whose governing body is a council consisting of mayor elected at large and five council members elected by precincts to serve four year terms. The present Mayor and Council Members assumed their offices on July 1, 2001 and their terms will expire on June 30, 2003. The present Mayor and Council Members are as follows:

Mayor Greg Mitchell

Council Member Lucian Roberson
Council Member Donald L. Parker
Council Member Kathy Harris Watts
Council Member Leavern Guy
Council Member Jerry Bounds

Members of the Council have no administrative powers or duties. All administrative powers and duties are vested in the City Manager. The present Acting City Manager is Sabrina Diamond.

Butler, Snow, O'Mara, Stevens & Cannada, PLLC is serving as bond counsel to the Issuer for this transaction. Moore & Powell, P.A., Biloxi, Mississippi, independent certified public accountants, are the auditors of the Issuer.

The Issuer has the power under the Act to issue revenue bonds for the purpose of defraying the cost of the expansion of an industrial enterprise consisting of buildings, the construction of buildings, improvements, machinery and equipment for the operation and maintenance of aircraft. The Issuer has full power and authority under the Act to enter into the Indenture and the Loan Agreement and to perform all its covenants and obligations thereunder.

The Issuer has heretofore issued other bonds and obligations. All such prior issues are separately secured and independent from the Bonds as to sources of payment and security. The Issuer may issue other bonds and obligations in the future in order to provide financing for other industrial projects. The Issuer has never been in default at any time as to principal and interest on any of its bonds or obligations.

THE BONDS ARE SPECIAL AND LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE REVENUES AND SECURITY INTERESTS PLEDGED FOR THEIR PAYMENT AND DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, BUT SHALL BE PAYABLE SOLELY AS DESCRIBED HEREIN.

THE BORROWER AND USE OF BOND PROCEEDS

Magnolia Air I, LLC was formed in November of 2000 as a Mississippi limited liability company. The proceeds of the Bonds will be used by Magnolia Air to pay for the construction, installation and equipping of a 37,292 square foot facility for the equipping, maintaining and re-manufacturing of aircraft on the Issuer's property in Picayune, Mississippi. Chevron U.S.A., Inc., through its Sub-Lease Agreement with Magnolia Air, will relocate its 76 employee maintenance and aircraft operation unit for the Gulf of Mexico from Lakefront Airport in New Orleans, LA, to the Picayune site. Chevron, which has operated from the Lakefront Airport location since 1946, has said the move to Picayune was needed to protect its aircraft, maintenance equipment and parts from flooding during tropical storms. Chevron sustained extensive damage at Lakefront Airport during Hurricane Georges in 1998.

The City of Picayune has also invested money into the development of the Project. The City of Picayune was awarded a Financial Assistance Award from the Economic Development Administration (EDA) of the U.S. Department of Commerce in the amount of $1,684,000. The Financial Assistance Award will be used to construct the infrastructure improvements serving the Project, consisting generally of the following: all grading and related site work; the installation of the dirt building pad; the installation of all lines for water, sewer, gas, stormwater, electric, and telephone service; pump, pumphouse and storage tank to provide sufficient water pressure for fire protection system, and the construction and installation of an aircraft washing facility. The estimated total cost for these improvements is $2,189,000. As required by the EDA, the City was

required to provide $505,000 in matching funds. These EDA funds are grant funds, and as such, are not required to be repaid by the City, the Borrower or the Sub-Borrower. The construction of the City's portion of the Project began on June 25, 2001.

It is expected that all payments of the principal of and interest on the Bonds will be made with moneys obtained from the revenue derived from the Sub-Lease Agreement. No financial information regarding the Borrower is therefore being provided in the Preliminary Placement Memorandum.

The Trustee will have a lien on the project to secure the payment of the Bonds.

THE SUBTENANT

On December 31, 2000, Chevron was Chevron Corporation's principal operating company in the United States, consisting primarily of its U.S. integrated petroleum operations (excluding most of the domestic pipeline operations). Through the first half of 2000, these operations were conducted primarily by three divisions: Chevron U.S.A. Production Company, Chevron Products Company and Chevron Chemical Company LLC. Chevron combined most of its petrochemicals businesses with those of Phillips Petroleum Company on July 1, 2000. Summarized financial information (from Chevron Corporation's 2000 Annual Report) for Chevron U.S.A. Inc. and its consolidated subsidiaries is presented below:

[THIS SPACE INTENTIONALLY LEFT BLANK]

	Year ended December 31	
	2000	1999
Sales and other operating revenues*	$40,729	$28,957
Total costs and other deductions	37,528	28,329
Net income	2,336	885

	At December 31	
	2000	1999
Current assets	$4,396	$3,889
Other assets	20,738	20,687
Current liabilities	4,094	4,685
Other liabilities	10,251	9,730
Net equity	10,789	10,161

*All figures are in millions of dollars.

Chevron Corporation, one of the world's largest integrated petroleum companies, is involved in every aspect of the petroleum industry, from exploration and production to transportation, refining and retail marketing, as

well as chemical manufacturing and sales. Chevron Corporation, through its subsidiaries, is active in more than ninety (90) countries and employs about 34,000 people worldwide.

Chevron Corporation manages its investments in, and provides administrative, financial and management support to, U.S. and foreign subsidiaries and affiliates that engage in fully integrated petroleum operations, chemicals operations and coal mining. Collectively, these companies, referred to as Chevron, operate in the United States and more than ninety (90) other countries. Petroleum operations consist of exploring for, developing and producing crude oil and natural gas; refining crude oil into finished petroleum products; marketing crude oil, natural gas and the many products derived from petroleum; and transporting crude oil, natural gas and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipelines, marine vessels, motor equipment and rail car. Chemicals operations include the manufacture and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lube oil additives.

Financial Highlights From Chevron Corporation 2000 Annual Report

	2000	1999	% Change
Net income*	**$5,185**	$ 2,070	150%
Sales and other operating revenues	**$50,592**	$35,448	43%
Capital and exploratory expenditures	**$5,153**	$6,133	(16)%
Total assets at year-end	**$41,264**	$40,668	1%
Total debt at year-end	**$6,232**	$8,919	(30)%
Stockholders' equity at year-end	**$19,925**	$17,749	12%
Cash flow from operating activities	**$8,662**	$4,481	93%
Common shares outstanding (Thousands)	**641,060**	656,346	(2)%
Per-share data			
Earnings-basic	**$7.98**	$ 3.16	153%
Earnings-diluted	**$7.97**	$ 3.14	154%
Cash dividends	**$2.60**	$ 2.48	5%
Stockholders' equity	**$31.08**	$ 27.04	15%
Market price at year-end	**$84.44**	$ 86.63	(3)%
Total debt/total debt plus equity	**23.8%**	33.4%	
Return on average stockholders' equity	**27.5%**	11.9%	
Return on average capital employed (ROCE)	**20.8%**	9.4%	
Return on average capital employed, excluding special items	**21.8%**	10.2%	

*Figures are in millions of dollars, except per-share amounts.

DOCUMENTATION

Summaries of certain provisions of the Indenture, the Lease Agreement and the Sub-Lease Agreement can be found in Appendix B attached hereto and incorporated herein by reference. Reference is made to the Indenture, the Lease Agreement, and the Sub-Lease Agreement for a complete recital of their terms.

PLACEMENT OF BONDS

Under a Bond Placement Agreement entered into by and between the Issuer, the Borrower and Duncan Williams, Inc., as Placement Agent, the Bonds are being privately placed by the Placement Agent with the purchasers of the Bonds at a price equal to 100% of the principal amount thereof plus accrued interest. The obligation of the Placement Agent to accept delivery of the Bonds on behalf of the purchasers is subject to various conditions contained in the Bond Placement Agreement including a sufficient number of purchasers of the Bonds. The Placement Agent will receive a fee of $_____ for placing the Bonds.

The Borrower has agreed to indemnify the Placement Agent and the Issuer against certain liabilities, including certain liabilities under Federal Securities laws.

The Bonds are being offered in a nonpublic offering to a limited number of prospective investors who qualify as "accredited investors" under any of the following categories at the time of the sale of Bonds to that person or entity:

(a) A bank, as defined in Section 3(a)(2) of the federal Securities Act of 1933 (the "Securities Act"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity;

(b) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

(c) An insurance company, as defined in Section 2(13) of the Securities Act;

(d) An investment company registered under the Investment Company Act of 1940;

(e) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership not formed for the specific purpose of acquiring the Bonds, with total assets in excess of $5,000,000;

(f) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

(g) A natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year; and

(h) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Bonds, whose purchase is directed by a sophisticated person as described in 17 C.F.R. Section 230.506(b)(2)(ii) promulgated under the Securities Act.

In connection with the purchase of the Bonds, each purchaser will be required to deliver to the Issuer, the Borrower and the Placement Agent an investment letter substantially in the form of Appendix C to this Preliminary Placement Memorandum relating to the purchaser's status as an "Accredited Investor" and the suitability of an investment in the Bonds for the purchaser.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Jackson, Mississippi, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Issuer by **Gerald Cruthird**, Attorney at Law, Picayune, Mississippi.

LITIGATION

There is no known pending or, to the knowledge of the Borrower and the Issuer, threatened litigation against the Borrower or the Issuer, respectively, which in any way questions or materially affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale or delivery or which may materially affect the operation of the Project. No representation is made regarding the effect of any litigation against the Bank.

RATING

No application for rates has been made.

MISCELLANEOUS

The Issuer has furnished the information contained in the section herein "THE ISSUER". The Issuer makes no representation as to the accuracy or completeness of any information contained herein except with respect to the information contained in the section herein "THE ISSUER" and in the section herein "LITIGATION" as it relates to the Issuer. The Borrower has reviewed the information contained herein which relates to it and has approved all such information for use within this Preliminary Placement Memorandum.

The execution, delivery and circulation of this Preliminary Placement Memorandum has been duly authorized by the Issuer, and the execution, delivery and circulation of this Preliminary Placement Memorandum has been duly approved by the Borrower.

THE CITY OF PICAYUNE

By: _____
Title: Mayor

Approved:

MAGNOLIA AIR I, LLC

By: _____
Title: Member

#527514v9<Jackson> -Preliminary Private Placement Memorandum - Magnoli.wpd

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain of the terms used in this Preliminary Placement Memorandum. Certain of these terms are defined elsewhere in this Preliminary Placement Memorandum, and the definition contained in this Appendix is either the same as the definition contained elsewhere in this Preliminary Placement Memorandum or is a more precise definition of the term in question. To the extent a definition contained elsewhere in this Preliminary Placement Memorandum is inconsistent with a term defined in this Appendix, the definition contained in this Appendix should control.

"Acquisition Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Act" shall mean the Planning, Research and Development Act, Chapter 3 of Title 57 of the Mississippi Code of 1972, Annotated, as amended.

"Additional Bonds" shall mean Bonds of any Series, other than the Series 2001 Bond duly authenticated and delivered pursuant to this Indenture.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Borrower with respect to the Lease Agreement, this Indenture and the Bonds, including without limitation, the compensation and expenses paid to or incurred by the Trustee and any paying agent under the Lease Agreement or the Indenture provided, however, that no such expense shall be considered an Administration Expense until the Trustee, or paying agent as the case may be, has furnished to the Borrower a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Authorized Borrower Representative" shall mean any person at the time designated to act on behalf of the Borrower by a written certificate, signed on behalf of the Borrower by its members or member and furnished to the Issuer and the Trustee, containing the specimen signature of each such person.

"Bondholder" or "holder of the Bonds" or "holder" shall mean the Registered Owner of any registered Bond.

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Issuer authorized and issued by the Issuer, authenticated by the Trustee and delivered under the Indenture.

"Bond Closing Date" shall mean September, 2001 or another date mutually agreed to by the Issuer and the Trustee.

"Bond Counsel" shall mean any recognized firm of Bond counsel acceptable to the Trustee and the Issuer.

The term "Outstanding under this Indenture" or "Outstanding hereunder" or "Outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in Section 8.03 and 12.03 of the Indenture, as of any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Indenture, except:

(a) Bonds canceled or surrendered to the Trustee for cancellation pursuant to Section 2.11 of the Indenture on or prior to such date;

(b) Bonds deemed to have been paid as provided in Section 13.02 of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Trustee is presented that any such Bond is held by a bona fide purchaser in due course.

In determining whether the holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds which are owned by the Borrower or the Issuer shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

"Bond Fund" shall mean the fund created under Section 5.02 of the Indenture.

"Bond Register" and "Bond Registrar" shall have the respective meanings specified in Section 2.08 of the Indenture.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which the Trustee is not closed and on which the payment system of the Federal Reserve System is operational.

"Casualty/Condemnation Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Cost of Issuance" shall mean items of expense payable or reimbursable by or indirectly by the Issuer and/or Tenant and related to the authorization, sale and issuance of the Bonds, execution and delivery of the Indenture and the Lease Agreement, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, underwriters' discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered.

"Cost" or "Costs" when used in connection with the Project, or any enlargements, improvements or extensions of such Project, shall be deemed to include, to the extent provided by the Act, whether incurred prior to or after the date of this Lease Agreement, (a) obligations of the Borrower or any affiliate of the Borrower incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be necessary or desirable during the course of construction of the facilities being acquired, constructed or installed by the Borrower which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Borrower and any affiliate of the Borrower for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, which are not otherwise provided for under the terms of the Lease Agreement; (e) all other costs which the Borrower or any affiliate of the Borrower shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or

otherwise), construction or installation of the facilities, being acquired, constructed or installed; (f) any sums required to reimburse the Borrower or any affiliate of the Borrower for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the facilities, being acquired, constructed or installed including expenses reimbursable to Magnolia Air I, LLC for travel and related expenses including a developer fee of $_____; (g) any amount designated by the Borrower for deposit in the Bond Fund for payment of interest on the Series 2001 Bonds to a date not later than six months following the completion and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds; and (h) payment of any other costs and expenses paid or incurred by the Borrower relating to the construction of the project and financing thereof; provided; however, notwithstanding anything to the contrary provided herein or in the Indenture, the Bonds, the Deed of Trust or any other agreements or documents executed in connection herewith, it is understood and agreed that the term "Cost" shall not include, and that the proceeds of the Bonds shall not be used to pay or reimburse, any costs or expenses paid or incurred by the Issuer in connection with the construction, installation or maintenance of the site work or the Borrower's Easements or the performance of the Issuer's other covenants and the Lease Agreement.

"Deed of Trust" shall mean that leasehold deed of trust from the Borrower to_____, as deed of trust Trustee for the benefit of the Trustee under Trust Indenture dated as of the date of issue and delivery of the Bonds.

"Event of Default" shall mean any Event of Default specified in Section 9.01 of the Indenture.

"Government Obligations" shall mean (a) direct obligations of the United States of America or any agency thereof for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations the payment of the principal of, premium, if any, and interest on which in the opinion of the Attorney General of the United States of America is fully and unconditionally guaranteed by the full faith and credit of the United States of America, or (c) repurchase agreements 100% secured by obligations described in clause (a) or (b) above.

"Indenture" shall mean the Indenture of Trust, between the Issuer and Trustmark National Bank, Jackson, Mississippi, as amended or supplemented from time to time in accordance with the terms hereof.

"Interest Payment Date" shall mean each date on which interest on the Bonds of any Series is due and payable.

"Issuer" shall mean the City of Picayune, Mississippi, and any successor to its duties and functions.

"Lease Agreement" shall mean the Lease Agreement dated March 29, 2001 between the Issuer and the Borrower as amended by the Amended and Restated Lease Agreement dated as of September 1, 2001 between the Issuer and the Borrower and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions thereof and this Indenture.

"Lease Term" shall mean the duration of the leasehold estate created in the Lease Agreement including any renewals or extensions thereof.

"Leased Facilities" shall mean the facilities described in Exhibits A & B to the Lease Agreement, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications.

"Leased Land" means the interest in real estate described in Exhibit A to the Lease Agreement, which by this reference is incorporated herein, together with all additions thereto and substitutions therefor.

"Net Proceeds" shall mean the amount received by the Issuer from the sale and issuance of the Bonds less the amount of such proceeds applied to pay legal, accounting, financial, advertising, recording and printing expenses and all other expenses incurred in connection with the issuance of the Bonds. Net Proceeds shall not include investment earnings on proceeds of the Bonds.

"Officers' Certificate" shall mean a certificate signed by the Mayor of the City of Picayune, Mississippi, acting for the Issuer, and by the Clerk of the City of Picayune, Mississippi.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Borrower, or bond counsel, or may be other counsel satisfactory to the Trustee.

"Paying Agent" shall mean any paying agent for the Bonds (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of the Indenture.

"Permitted Encumbrances" shall mean and include: Buffer zone easement to United States of America dated September 28, 1964, and recorded in Book 170 at Page 544 in the Office of the Chancery Court of Pearl River County, Mississippi.

"Pledged Sub-Lease Rentals" shall mean the Base Rent payable by Chevron under Section 4.1(a) of the Sub-Lease Agreement, Chevron's tax contribution under Section 14.2 of the Sub-Lease Agreement, and Chevron's insurance contribution under Section 15.3 of the Sub-Lease Agreement.

"Principal Payment Date" shall mean any date on which the principal of any Bond shall mature (including any acceleration of maturity due to an Event of Default pursuant to Section 9.01 of the Indenture) or be redeemed.

"Project" shall mean the Leased Land and the Leased Facilities, as they may at any time exist.

"Refunding Bonds" shall mean any Additional Bonds issued for refunding purposes pursuant to Section 3.04 of the Indenture.

"Registered Owner" shall mean the Person or Persons in whose name or names the particular registered Bond shall be registered on the Bond Register.

"Remarketing Agent" shall mean Duncan Williams, Inc., Memphis Tennessee.

"Revenue Funds" shall mean the fund created under Section 4.01 of the Indenture.

"Revenues" shall mean all Base Rent payable to the Trustee pursuant to Section 7.1.1 of the Lease Agreement.

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bond, pursuant to the provisions of the Indenture, regardless of variations in maturity, interest rate, or other provision.

"Series 2001 Bond" shall mean the Series 2001 Bond in the aggregate principal amount of $2,770,000* initially authorized to be issued pursuant to Section 2.02 of the Indenture.

"Sub-Lease Agreement" shall mean the Sub-Amended Lease Agreement by and between Magnolia Air I, LLC, a Mississippi limited liability company and Chevron U.S.A., Inc., a Pennsylvania Corporation dated as of 24th day of May 2001.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplementary to or amendatory of this Indenture as originally entered into which is duly entered into in accordance with the provisions of the Indenture.

"Surplus Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Tax and Insurance Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Tender Agent" shall mean Duncan Williams, Inc., Memphis, Tennessee.

"Tenant" shall mean Magnolia Air I, LLC, a Mississippi limited liability company, or any legal entity which is the surviving, resulting or transferee legal entity in any merger, consolidation or transfer of assets permitted under the Lease Agreement.

"Trustee" shall mean the Trustmark National Bank, Jackson, Mississippi (and its corporate successors) and its successors hereunder.

APPENDIX B

DOCUMENT SUMMARIES

Set forth below are summaries of certain sections of the Indenture, the Lease Agreement and the Sub-Lease Agreement. These summaries do not purport to be complete, and reference is made to the respective documents, copies of which will be on file with the Trustee after delivery of the Bonds, for a complete statement of the rights, duties and obligations of the parties hereto. The headings below are not part of the respective documents but have been added for ease of reference only.

THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Security and Pledge

The Bonds will be secured by the Issuer's grant and assignment under the Indenture of (i) the rents payable under Section 7.1.1 of the Lease Agreement and any additional rental payable under Article XVII and Article XVIII of the Lease Agreement and the right to enforce (either in the Issuer's name or in the name of the Trustee) the Issuer's remedies under the Lease Agreement, including, but not limited to, the remedies provided under Section 25.4, 25.5, 25.6 and 25.7 of the Lease Agreement, and (ii) all monies and securities in funds held by the Trustee under the Indenture. The Bonds are further secured by a Leasehold Deed of Trust from the Borrower.

During the occurrence and continuation of an Event of Default under the Indenture, the Trustee will have a claim prior to the Bondholders on the moneys derived from the exercise of remedies under the Indenture for payment of its costs and expenses and the repayment of advances made by it to effect performance of certain covenants in the Indenture.

Provisions for the Bonds

The Indenture provides for the issuance of the Bonds, their redemption and all other terms pertaining to the Bonds. See section herein "THE BONDS." The Bonds will only be authenticated by the Trustee upon the delivery of certain documents, including the original executed Indenture and the Lease Agreement.

Mutilated, lost or destroyed Bonds may be replaced subject to certain conditions specified in the Indenture.

General Covenants and Provisions

The Issuer covenants that it will promptly pay the principal and purchase price of premium, if any, and interest on the Bonds subject to the limited nature of such obligations. The Issuer agrees that the Trustee may enforce all rights of the Issuer under the Lease Agreement whether or not the Issuer is in default under the Indenture.

Creation of Funds

The Indenture provides for the creation of certain trust funds into which the proceeds from the sale of the Bonds and payments made by the Borrower under the Lease Agreement are to be deposited. These trust funds are the Bond Fund, the Acquisition Fund, the Cost of Issuance Fund, the Revenue Fund, Casualty/ Condemnation Fund, Tax and Issuance Fund and the Surplus Fund. Each of these funds is described below.

Bond Fund. There is to be deposited in the Bond Fund all payments made pursuant to the provisions of the Indenture or the Lease Agreement for credit to the Bond Fund and all income derived from the investment of such amounts. The Bond Fund shall be used to pay principal, premium, if any, and interest on the Bonds and the redemption price of Bonds.

Acquisition Fund. The following funds shall be paid over to and deposited by the Trustee into the Acquisition Fund, as and when received:

(a) Proceeds from the sale of the Bonds, as provided in Section 4.02 of the Indenture;

(b) The earnings accrued on the investment of moneys in the Acquisition Fund; and

(c) Any other money received by or to be paid to the Trustee pursuant to the Indenture or the Amended Lease Agreement, or from any other source for the financing of the Project when accompanied by directions from the Borrower that such moneys are to be deposited into the Acquisition Fund.

Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be disbursed from time to time by the Trustee, first from Bond proceeds and interest earnings thereon, for the payment of the Costs of Issuance upon the direction of the Issuer as evidenced by a requisition certificate executed by the Borrower and approved by the Borrower on the Bond Closing Date. Moneys in the Costs of Issuance Fund shall be expended no later than 180 days after the Bond Closing Date. Any moneys remaining therein on such date or on such earlier date as the Issuer and Borrower shall certify that all Costs of Issuance have been paid shall to the extent such moneys represent Bond proceeds, be transferred to the Acquisition Fund and the Costs of Issuance Fund shall be closed.

Revenue Fund. The Trustee shall deposit, in the Revenue Fund, all Project Revenues and all payments made by the Borrower or by the Borrower pursuant to the Lease Agreement and to be deposited with the Trustee. On or prior to the second Business Day prior to the first day of each calendar month, or as otherwise provided below, the Trustee will transfer from the Revenue Fund, in the following order of priority:

(a) First, to the payment of the Fixed Monthly Rent for said month as required by Section 7.1(a) of the Lease Agreement into a "Issuer Rental Account" to be established as a subaccount in the Revenue Fund and paid monthly to the Issuer;

(b) Second, to the payment of (i) one-twelfth (1/12) of the annual fees of the Trustee into a "Fees Account" to be established and maintained as a subaccount in the Revenue Fund and paid to the Trustee when such annual fees are due and (ii) to the payment of actual expenses of the Trustee accrued as of such date;

(c) Third, deposit in the Bond Fund an amount equal to one-twelfth (1/12) of the principal and one-third (1/3) of the interest due on the Bonds on the next succeeding Interest Payment Date, or such other amount as is required to pay the applicable proportionate amount of principal and interest due on the Bonds on the next succeeding Interest Payment Date, whether at maturity or by mandatory sinking fund redemption pursuant to Section 7.1 hereof;

(d) Fourth, to the Tax and Insurance Fund, an amount equal to one-twelfth (1/12) of the annual amounts required to be deposited therein for payment of taxes and insurance with respect to the Project; and

(e) Fifth, deposit in the Surplus Fund all remaining amounts. Amounts in the Surplus Fund shall be applied as provided in Section 5.12 of the Indenture.

Casualty/Condemnation Fund. The Trustee shall deposit into the Casualty/Condemnation Fund the amounts to be deposited therein pursuant to Articles XIX and XX of the Lease Agreement, and written notice thereof shall be given to the Borrower. The moneys in the Casualty/Condemnation Fund shall be disbursed by the Trustee in accordance with the provisions of Sections 19.1, 19.2, 20.1 and 20.2 (whichever is applicable) of the Lease Agreement, and the Trustee hereby covenants and agrees to disburse such moneys in accordance with such provisions. In paying any requisition under this Section, the Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by the Borrower. If the Issuer or the Bondholder so requests, a copy of each requisition certificate submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the Issuer or the Bondholder.

Tax and Insurance Fund. As provided in Sections 17.2 and 18.1 of the Lease Agreement, there shall be deposited in the Tax and Insurance Fund in each calendar month one-twelfth (1/12) of the annual amounts required to pay taxes and insurance with respect to the Project or otherwise received for such purpose by the Trustee from the Borrower pursuant to the Lease Agreement. Moneys in the Tax and Insurance Fund shall be applied to payment of real estate taxes and insurance premiums at the written direction of the Borrower (upon which the Trustee shall be entitled to fully rely), accompanied by satisfactory evidence of the amounts so due; provided however that amounts in the Tax and Insurance Fund shall be applied by the Trustee without such direction to the extent deemed necessary or appropriate by the Trustee to prevent the lapse of any insurance coverage for the Project required by the Lease Agreement or the imposition of any penalty or forfeiture for nonpayment of any taxes due with respect to the Project. Upon the payment in full of the Bonds, and the fees and expenses of the Issuer and the Trustee any amounts remaining in the Tax and Insurance Fund shall be paid to the Borrower.

Surplus Fund. The Trustee shall deposit in the Surplus Fund the amounts required by Section 5.12. So long as no Event of Default is otherwise continuing, the Trustee shall transfer the amount on deposit in the Surplus Fund, to the Borrower, on each Interest Payment Date; provided the Trustee verifies (i) there are sufficient funds in the Bond Fund to pay the principal of and interest then due on the Bonds and (ii) that there are sufficient funds in the Revenue Fund to pay the Issuer the amount then due and payable to Issuer under Section 5.09(a) of the Indenture.

If on any Interest Payment Date or date on which the principal of and interest on the Bonds is due, whether by mandatory redemption, scheduled maturity or maturity upon acceleration, the amount in the Bond Fund is insufficient to pay the principal of and interest then due on the Bonds, the Trustee, after making any transfers to the Bond Fund from the Revenue Fund pursuant to Section 5.09, shall transfer to the Bond Fund from the Surplus Fund an amount equal to such deficit. The Trustee shall notify the Issuer, the Borrower, and the Bondholder at any time moneys in the Surplus Fund are transferred to the Bond Fund pursuant to this paragraph. After any deficit in the Bond Fund has been restored, moneys in the Surplus Fund may be used to make any of the deposits described in Section 5.09 hereof, to the extent other funds are insufficient therefor.

Investment of Funds. Moneys on deposit to the credit of the Acquisition Fund, the Bond Fund, and any and all other funds created pursuant to the Indenture shall, upon receipt from time to time of a certificate of an Authorized Borrower Representative (or, if the Borrower is in default under the Lease Agreement, an Officers' Certificate) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law, (i) in Government Obligations, (ii) in certificates of deposit of one or more national or state banks (which may include the Trustee) having a combined capital and surplus of not less than $25,000,000, which certificates shall be secured by Government Obligations to the extent required by law or, in the case of the Acquisition Fund only, (iii) in commercial paper rated P-1 by Moody's Investors' Service or A-1+ by Standard and Poor's Corporation. The Trustee shall have no obligation to invest any moneys on deposit hereunder in the absence of a certificate of an Authorized Borrower Representative or an Officers' Certificate as provided in Section 6.03 of the Indenture; provided, however, that at the telephonic request of an Authorized Borrower Representative confirmed in writing within two business days (or, if the Borrower is in default under the Lease Agreement, or the Lease Agreement has been terminated pursuant

to the provisions thereof, a telephonic request of the Mayor of the City of Picayune, Mississippi confirmed in writing within two business days) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law and as otherwise provided by **Section 6.03** of the Indenture. The Trustee shall have no obligation to invest any moneys on deposit pursuant to **Section 6.03** of the Indenture in the absence of a certificate of an Authorized Borrower Representation or an Officers' Certificate or in the absence of a telephonic request of an Authorized Borrower Representative confirmed in writing within two business days or the telephonic request of the Mayor of the City of Picayune, Mississippi, as provided in **Section 6.03** of the Indenture. Such investments shall have maturity dates, or shall be subject to redemption by the holder, the option of the holder, on or prior to the dates the money invested therein will be needed for the purposes of such Funds.

Events of Default

The Indenture provides that any of the following events shall constitute an Event of Default:

(a) payment of rental payments to the Issuer when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Borrower of notice in writing from Issuer specifying in detail the nature of such failure;

(b) payment of any lawful and due ad valorem or property taxes and governmental charges when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Borrower of notice in writing from Issuer specifying in detail the nature of such failure;

(c) payment of the principal of the Bonds and redemption premium (if any) shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise and the continuance of such failure for a period of fifteen (15) days after receipt by Borrower of notice in writing from Issuer specifying in detail the nature of such failure;

(d) payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable which failure shall continue for fifteen (15) days after the receipt by Borrower of notice in writing from the Trustee specifying in detail the nature of such failure;

(e) there shall occur an event of default by Borrower under the Lease Agreement which is not cured during any applicable notice or cure period provided thereunder; or

(f) these shall occur on event of default by Borrower under the Deed of Trust;

then, in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Trustee may, and upon written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding shall, by written notice given to the Issuer and the Borrower by the Trustee and provided that the default has not theretofore been cured, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon such declaration said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in said notice, anything in this Indenture or in said Bonds to the contrary notwithstanding.

Other Remedies

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of Bondholders and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Lease Agreement and this Indenture;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Issuer to account as if it were the trustee for an express trust for the Bondholders; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

No delay or omission to exercise any right or remedy accruing upon any Event of Default under the Indenture shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

Rights of Bondholders

Upon the occurrence of an Event of Default and if requested to do so by the Bondholders not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee, subject to the provisions of the Indenture, shall be obligated to exercise such one or more of the rights and remedies conferred heretofore as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders and the Bank.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX or by virtue of action taken under provisions of the Lease Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and payment of Administration Expenses, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment of any property taxes due.

SECOND - To payment of Rental Payments required by Section 7.1 of the Amended Lease Agreement.

THIRD - To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due (with interest on overdue installments of interest, to the extent permitted by law, at the rate per annum which is equal to the highest rate per annum borne by any Bonds issued under this Indenture and then Outstanding) and, *if the amount available shall not be sufficient to pay in full Bonds and premium, if any, due on* any particular date, together with such interest, then to the payment ratably, according to the persons entitled thereto without any discrimination or privilege; and

FIFTH - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled *thereto without any discrimination or privilege.*

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege plus, if available with interest on overdue installments of interest or principal at the rate which is equal to the highest rate borne by the Outstanding Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of Article IX then, in the event that the principal of all the Bonds shall later become due and be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section 9.10 of the Indenture.

Whenever moneys are to be applied pursuant to the provisions of Section 9.10 of the Indenture, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall *fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon* which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

With regard to any alleged default concerning which notice is given to the Issuer and the Borrower under the provisions of Section 9.10 of the Indenture, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution and agrees to cooperate with the Borrower to enable the Borrower to so act.

The Trustee

The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Indenture other than a default under Section 9.01(a) or Section 9.01(b) of the Indenture, unless specifically notified in writing of such default by the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding. The Trustee may, however, at any time, in its discretion, require of the Issuer full information and advice as to the performance of any of the covenants, conditions and agreements contained in this indenture.

The Trustee shall be under no obligation to take any action in respect of any default or otherwise or toward the execution or enforcement of any of the trusts by this Indenture created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without security or indemnity.

Upon the occurrence of an Event of Default known to the Corporate Trust Department of the Trustee, the Trustee shall within thirty (30) days give written notice thereof by mail to each Registered Owner of registered Bonds, then Outstanding at his last address appearing upon the Bond Register, unless such Event of Default shall have been cured before the giving such notice.

In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may in its own name and as trustee of an express trust intervene on behalf of the holders of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding if permitted by the court having jurisdiction in the premises.

The Trustee is hereby appointed as Paying Agent for the Series 2001 Bonds. The Issuer may at any time or from time to time appoint one or more Paying Agents for the Series 2001 Bonds or any other Bonds, in the manner and subject to the conditions set forth in Section 10.23 of this Indenture for the appointment of a successor Paying Agent. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the Issuer and the Trustee.

Supplemental Indentures

The Issuer and the Trustee, without the consent of any of the bondholders may enter into an indenture or indentures supplemental to the Indenture, which thereafter shall form a part of this Indenture, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Issuer in this Indenture contained other covenants and agreements thereafter to be observed, and to surrender any right or power in this Indenture reserved to or conferred upon the Issuer;

(b) to modify any of the provisions of this Indenture or relieve the Issuer from any of the obligations, conditions or restrictions in this Indenture contained; provided that no such modification shall be or become operative or effective which shall materially adversely affect the rights of the Bondholders or the Trustee;

(c) to cure any ambiguity or to cure, correct or supplement any inconsistent provision contained in this Indenture or in any supplemental Indenture;

(d) to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interest of the Bondholders;

(e) to provide for the issuance of Additional Bonds;

(f) to evidence the appointment of a successor Trustee or Paying Agent hereunder; and

(g) to subject to this Indenture additional revenues, properties or collateral.

Exclusive of Supplemental Indentures, any modification or alteration of the Indenture or of the rights and obligations of the Issuer or of the holders of the Bonds in any particular may be made with the consent of the Borrower and the Bondholder. Nothing shall permit, or be construed to reduce the percentage of aggregate principal amount of the Bonds without the consent of the Bondholder, which such consent is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to, or, except to secure Additional Bonds, on a parity with, the lien of the Indenture upon the receipts and revenues of the Issuer from or in connection with the lease of the Project or which will affect the times, amounts and currency of payment of the principal of, the interest on, or the premium (if any) on, said Bonds.

For the purposes of this Indenture, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Issuer and all the holders of Bonds.

Anything herein to the contrary notwithstanding, and if the Borrower is not in default under the Lease Agreement at such time, a Supplemental Indenture under **Article XII** of the Indenture shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Issuer shall cause notice of the proposed execution and delivery of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the Borrower and received by the Borrower at least thirty (30) days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

Amendments to the Lease Agreement

No amendment of the Lease Agreement shall be made without the prior written consent of the Borrower and the Bondholder.

THE LEASE AGREEMENT

The following is a summary of certain provisions of the Lease Agreement. Reference is made to the Lease Agreement for a complete recital of its terms.

Preliminary Term

The Preliminary Term shall commence on the Effective Date of the Lease and shall continue until the Rental Commencement Date. During the Preliminary Term, Borrower and its architects, engineers, surveyors, consultants, contractors, agents, servants and employees shall have the right to enter upon the Leased Premises for all lawful purposes as permitted under the Lease Agreement, and Borrower shall perform its

obligations and agreements under the Lease Agreement to the extent applicable to the period included within the Preliminary Term; provided, however, notwithstanding anything to the contrary provided herein, it is understood and agreed that the Borrower shall not be obligated hereunder to pay any Fixed Monthly Rent or any Additional Rental during the Preliminary Term.

Original Term

The Original Term of the Lease shall commence on the Rental Commencement Date and shall continue for a period of fifteen (15) Rental Years thereafter.

Option Term

Pursuant to Sections 6.3 and 24.3 of the Original Lease, the Term of the Lease is automatically renewed for up to sixty-five (65) successive periods of one (1) Rental Year each (each, an "Option Term" and collectively, the "Option Terms"), unless Borrower notifies Issuer in writing at least ninety (90) days prior to the expiration of the Original Term or then current Option Term (as the case may be) that the Lease will not be renewed following the expiration of such Original Term or Option Term, in which event the Term of the Lease Agreement shall expire on the last day of the Original Term or Option Term during which Borrower gives Issuer written notice that the Term of this Lease will not be renewed.

Rental

Within thirty (30) days after the Effective Date of this Lease, Borrower agrees to pay Issuer the sum of Five Hundred and No/100 Dollars ($500.00) as the total rent for the Preliminary Term (the "Preliminary Term Rent"). From and after the Rental Commencement Date, Borrower covenants and agrees to pay to Issuer as rental ("Rental") for the Leased Premises, the following:

(a) During the first five (5) Rental Years of the Term, Borrower shall pay or cause the Trustee to pay Issuer Fixed Monthly Rent at the rate of Five Hundred and No/100 Dollars ($500.00) per month (the "Fixed Monthly Rent"), prorated on a per diem basis for any partial month, for each month during the Term of the Lease Agreement following the Rental Commencement Date (including both the Original Term and any and all Option Terms that may be exercised by Borrower); said Fixed Monthly Rent shall be adjusted during the Rental Adjustment Periods as hereinafter provided; and

(b) Borrower shall pay or cause the Trustee to pay all other sums, charges and amounts of whatever nature to be paid by Borrower to Issuer in accordance with the provisions of this Lease (herein collectively referred to as "Additional Rental").

Rentals While Bonds are Outstanding

Until the principal of and interest on the Outstanding Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Borrower shall pay or shall direct the Subtenant to pay to the Trustee all of the Pledged Sublease Rentals payable by the Subtenant under the Sub-Lease Agreement, and all such Pledged Sublease Rentals shall be credited to the Borrower's Rental obligations under this Lease, including, but not limited to, Borrower's Rental obligations under **Section 7.1 and 7.1.1** of the Lease Agreement.

Adjustments to Rental

Subject to any minimum and maximum increases hereinafter set forth, the Issuer and Borrower agree that the Fixed Monthly Rent reserved hereunder during each Rental Adjustment Period this Lease continues in force and effect shall be increased to reflect any increases in the CPI. The Fixed Monthly Rent during each such Rental Adjustment Period shall be adjusted by multiplying the Fixed Monthly Rent payable during the

first five (5) Rental Years of the Term by a fraction, the numerator of which shall be the CPI for the month immediately preceding the commencement of the Rental Adjustment Period for which the adjustment is to be made, and the denominator of which shall be the CPI for the calendar month preceding the Rental Commencement Date; provided, however, notwithstanding the amount of any increase or decrease in the CPI, the Issuer and Borrower agree that: (a) in no event shall the Fixed Monthly Rent during any Rental Adjustment Period be less than the Fixed Monthly Rent during the first five (5) Rental Years or during the immediately preceding Rental Adjustment Period of this Lease, as the case may be; and (b) the Fixed Minimum Rent during said Rental Adjustment Periods shall not under any circumstances increase by more than fifteen percent (15%) in excess of the Fixed Monthly Rent that was in effect during the first five (5) Rental Years of the Term or during the immediately preceding Rental Adjustment Period, as the case may be.

Loan of Proceeds

The Issuer agrees in the Lease Agreement to issue the Bonds to loan funds to the Borrower to (i) finance the construction, installation and equipping for the maintenance and re-manufacturing of aircraft on the Issuer's property in Picayune, Mississippi, and (ii) pay certain costs of issuing the Bonds.

Payments

The Borrower covenants to make all payments required by the Lease Agreement, as and when the same become due. Pursuant to the Lease Agreement, the Borrower agrees to make payments of principal, interest and purchase price identical to payments (including payments of principal upon redemption and acceleration) due by the Issuer under the Bonds. The Borrower also covenants to pay the reasonable fees and expenses of the Trustee.

Special Representations and Covenants

Borrower agrees that during Term of the Lease Agreement it will maintain its corporate existence, will continue to be qualified to do business in the State of Mississippi, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, limited liability company or other entity, provided, that the Borrower may, without violating the agreement contained in this **Section 4.2 (g)**, consolidate with or merge into another corporation, limited liability company, or other entity or permit one or more other corporations, limited liability companies or other entities to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation, limited liability company or other entity, all or substantially all of its assets as an entirety, provided that the surviving, resulting or transferee corporation, limited liability company or other entity, as the case may be: (i) is authorized to do business in the State of Mississippi, (ii) is a corporation organized and existing under the laws of the United States of America, or of the District of Columbia or of one of the states of the United States of America, (iii) assumes in writing all of the obligation of the Borrower under this Lease, (iv) has a consolidated net worth (after giving effect to such consolidation, merger or transfer) substantially equal to or greater than the net worth of the Borrower immediately preceding such consolidation, merger, or transfer as set forth in a report prepared by a certified public accountant, provided, further that such consolidation or merger shall not in any way affect the legal sufficiency of the security under the Indenture.

If a consolidation, merger or sale or other transfer is made as permitted by this **Section 4.2 (g)**, the provisions of this **Section 4.2 (g)** shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this **Section 4.2(g)**.

Events of Default and Remedies on Default

The occurrence of any of the following events shall constitute an event of default under the Lease Agreement:

(a) The occurrence and continuance of bankruptcy or insolvency by Borrower as provided in Section 25.2 of the Lease Agreement;

(b) Borrower's failure to pay any installment of Fixed Monthly Rent, including the Rental payable under Section 7.1.1 of the Lease Agreement, when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Borrower of notice in writing from Issuer specifying in detail the nature of such failure; or

(c) Borrower's failure to perform any of the other covenants, conditions and agreements herein contained on Borrower's part to be kept or performed and the continuance of such failure without the curing of same for a period of sixty (60) days after receipt by Borrower of notice in writing from Issuer specifying in detail the nature of such failure, and provided Borrower shall not cure said failure as provided in paragraph (b) of this Section;

then Issuer may, at its option, at any time thereafter, but before said default be cured, give to Borrower a written notice of election to terminate the Term of this Lease upon a date specified in such notice, which date shall be not less than thirty (30) business days after the date of receipt by Borrower of such termination notice from Issuer, and upon the date specified in said notice, the Term and estate hereby vested in Borrower shall cease and any and all other right, title and interest of Borrower hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire Term of this Lease had elapsed, and Issuer shall thereafter be entitled to collect rents from SubBorrowers, subject to the paramount rights of any Mortgagee, but Borrower shall continue to be liable to Issuer as hereinafter provided.

Option to Prepay Obligations under the Lease Agreement

The Borrower has the option to redeem the Bonds pursuant and according to the terms and conditions of Article VII of the Indenture. When the Bonds have been fully redeemed and/or paid, the Borrower shall not be responsible for the payment of the Pledged Sublease Rentals or other rent to the Trustee and, pursuant to **Section 22.4**, all references and provisions in this Lease to the Bonds, the Trustee, the Indenture, and the Deed of Trust and any payments to be made pursuant to the Bonds, the Indenture, and the Deed of Trust shall be ineffective.

THE SUB-LEASE AGREEMENT

The following is a summary of certain provisions of the Sub-Lease Agreement. Reference is made to the Sub-Lease Agreement for a complete recital of its terms.

Term

The term of the Sub-Lease Agreement begins on the Commencement Date and continues for a period of seven (7) Rental Years.

Termination Right

Chevron has the right to terminate the Sub-Lease Agreement effective as of the last day of the fifth (5th) Rental Year of the Original Term provided that, in order to exercise said termination right, Chevron must provide Borrower not less than one hundred eight (180) days' prior written notice of such termination. In the event Chevron exercises said termination right, the term of the Sub-Lease Agreement shall terminate effective as of the last day of the fifth (5th) Rental Year of the Original Term and Chevron shall pay Borrower, on or before said termination date, Liquidated Damages in the amount of Nine Hundred Seventy-Nine Thousand Three Hundred Forty-Nine and 68/100 Dollars ($979,349.68) (said sum being calculated pursuant to and in accordance with the formula for calculating Liquidated Damages as set forth in the Sub-Lease Agreement.

Extension of Sub-Lease Agreement

Chevron has the right to extend the term of the Sub-Lease Agreement for up to two (2) periods of five (5) consecutive Rental Years each followed by up to three (3) periods of three (3) consecutive Rental Years each (each, and "Extension Term," and collectively, the "Extension Terms"), from and after the expiration of the Original Term, upon and subject to the terms and conditions set forth in the Sub-Lease. In order to exercise said Extension Terms, Chevron shall serve upon Borrower a written notice exercising its Extension Term not later than six (6) months prior to the end of the Original Term or then current Extension Term.

Rental

Chevron must pay Borrower as rental ("Rental") for the Leased Premises, the following:

(a) the Base Rent, as adjusted pursuant to Section 4.2 hereof during any Extension Terms that may be exercised by Chevron; during the Original Term, the Base Rent payable by Chevron to Borrower shall be in the amount of Five Hundred Twenty-Eight Thousand and No/100 Dollars ($528,000.00) per annum, payable in advance in equal monthly installments of Forty-Four Thousand and No/100 Dollars ($44,000.00) each, plus

(b) all other sums, charges and amounts of whatever nature to be paid by Chevron to Borrower in accordance with the provisions of the Sub-Lease Agreement (herein collectively referred to as "Additional Rental").

Assignment

Except for permitted assignments as provided under Section 18.11 of the Sub-Lease Agreement Chevron shall not, without Borrower's prior written consent, sublet the Leased Premises or any part thereof, or assign the Sub-Lease Agreement or any interest therein. No assignment or subletting by Chevron (whether permitted under the express terms of the Sub-Lease Agreement or otherwise consented to by Borrower) shall relieve Chevron from any of its obligations under the Sub-Lease Agreement, and Chevron shall be and remain fully liable for the payment and performance of all of the obligations, indemnities and agreements arising under or by virtue of the Sub-Lease Agreement for and during the entire Term hereof (including without limitation any and all Extension terms that may be exercised by Chevron or its successors or assigns hereunder).

Subordination

The Sub-Lease Agreement is subject and subordinate to any Mortgages that now or may in the future cover this Lease or the Leased Premises or any part thereof or any interest of Borrower therein, and to any advances made on the security thereof, and to any increases, renewals, modifications, consolidations, replacements, and extensions of any of such Mortgages.

The Sub-Lease Agreement is further subject and subordinate to (i) the Lease Agreement and any and all other ground or primary leases in existence at the date hereof and any supplements, modifications, and extensions thereof heretofore or hereafter made, (ii) all applicable ordinances of the Issuer relating to easements, franchises and other interests or right upon, across, or appurtenant to the Building or the Land, and (iii) the Permitted Exceptions and all utility easements and other agreements that lawfully affect the Land, the Building, or the Leased Premises.

Defaults

The occurrence of any one or more of the following events shall constitute an "event of default" under the Sub-Lease Agreement.

(a) If Chevron fails to pay any Rental or other sums payable by Chevron hereunder as and when the Rental or other sums become due and payable, and such failure

continues for a period of ten (10) business days after written notice thereof from Borrower;

(b) if Chevron fails to perform or observe any other term hereof and such failure continues for more than ten (10) business days after notice thereof from Borrower unless Chevron has undertaken diligent efforts to cure such default in which event such failure must be cured within thirty (30) days after the aforementioned notice from Borrower.

(c) if Chevron deserts, abandons, or vacates the Leased Premises and ceases to pay Rental as provided hereunder;

(d) if any petition is filed by or against Chevron under any section or chapter of the present or any future federal Bankruptcy Code or under any similar law or statute of the United States or any state thereof (and with respect to any petition filed against Chevron, such petition is not dismissed within thirty (30) days after the filing thereof), or Chevron shall be adjudged bankrupt or insolvent in proceedings filed under any section or chapter of the present or any future federal Bankruptcy Code or under any similar law or statute of the United States or any state thereof;

(e) if Chevron become insolvent or makes a transfer in fraud of creditors; or

(f) if a receiver, custodian, or trustee is appointed for Chevron, or for any of the assets of Chevron, which appointment is not vacated within thirty (30) days of the date of the appointment.

THE LEASEHOLD DEED OF TRUST

Security

All of the Borrower's leasehold interest in and to that certain parcel or lot of land located in Pearl River County, Mississippi that is more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Land"), including, without limitation, all of the Borrower's right, title and interest in, to and under that certain Lease Agreement, dated March 29, 2001, between the City of Picayune, a municipal corporation organized and existing under the laws of the State of Mississippi (the "Lessor"), as lessor, and the Borrower, as lessee, and recorded with the Chancery Clerk of Pearl River County, Mississippi in Book 767, at Page 409-550, as amended by that certain Amended and Restated Lease Agreement between the Lessor and the Borrower, dated as of August 1, 2001 recorded with the Chancery Clerk of Pearl River County, Mississippi in Book ____, at Page _____ (collectively as amended and evidenced, and as from time to time further amended, assigned, modified, replaced and supplemented, the "Lease").

All of Borrower's right, title and interest in and to all buildings and other improvements now located on or to be constructed on the Land or added thereto, together with all fixtures now or hereafter owned by the Borrower, or in which the Borrower has an interest, and placed in or upon the Land or the buildings or other improvements thereon (collectively, the "Improvements").

All of Borrower's right, title and interest in and to any and all easements, bridges, rights of way, licenses, privileges, hereditaments and appurtenances belonging to or inuring to the benefit of the Land; all right, title and interest of the Borrower in and to the land lying within any street or roadway adjoining the Land; and all right, title and interest of the Borrower in and to any vacated or hereafter vacated streets or roads adjoining the Land (collectively, the "Easements").

All of Borrower's right, title and interest in and to any and all fixtures, machinery, equipment and other personal property of every kind, description and nature whatsoever, now or hereafter located in or upon or affixed to the Land or Improvements, or any part thereof, or now or hereafter used or to be used in connection with any present or future operation thereof or construction thereon, and now owned or hereafter acquired by the Borrower, including, without in any way limiting the generality of the foregoing: any and all of the following now owned or hereafter acquired by Borrower: (i) heating, lighting, incinerating, refrigerating, ventilating, air conditioning, air cooling, lifting, fire extinguishing, plumbing, cleaning, communications and power equipment and apparatus; (ii) gas, water and electrical equipment and apparatus; and (iii) elevators, escalators, switchboards, engines, motors, tanks, pumps, partitions, conduits, ducts and compressors, together with any renewals, replacements or additions of or to any of the above or substitutions therefor; it being understood and agreed that all such fixtures, machinery, apparatus, equipment and other personal property are a part of and are declared to be a portion of the security for the indebtedness hereby secured, whether physically attached to the Improvements or not (collectively, the "Personal Property").

All of the Borrower's right, title and interest, owned by the Borrower as a tenant, in and to all leases (which term, as used herein, shall include all occupancy agreements, licenses, concession agreements and all other agreements or tenancies, however denominated, affecting the occupancy of the Property, or any portion thereof) now or hereafter affecting or pertaining to the Property and the business operations conducted thereon, including, but not limited to, the Lease together with all of the rents, issues, benefits and profits of the Property.

All of the Borrower's right, title and interest, owned by the Borrower as a sub-landlord, in and to all subleases (which term, as used herein, shall include all occupancy agreements, licenses, concession agreements and all other agreements or tenancies, however denominated, affecting the occupancy of the Property, or any portion thereof) now or hereafter affecting or pertaining to the Property and the business operations conducted thereon, including, but not limited to that certain Sub-Lease Agreement by and between Borrower, as sub-landlord, and Chevron U.S.A. Inc. (the "Subtenant"), as subtenant, dated May 24, 2001 (the "Sub-Lease Agreement"), together with all of the rents, issues, benefits and profits of the Property.

A security interest in and to all of the records and books of account now or hereafter maintained by the Borrower in connection with the operation of the Property.

A security interest in all proceeds paid for any damage or loss to the Property or any part thereof, all awards, including interest, in connection with any condemnation or other taking of the Property, or any part thereof, or for conveyance in lieu thereof, and all other moneys which may from time to time become subject to the lien hereof, whether by conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims or otherwise (collectively, the "Proceeds").

A security interest in and to all accounts, contract rights and general intangibles covering or relating to any or all of the foregoing property, whether now in existence or hereafter arising.

All of the Borrower's right, title and interest in and to all replacements, substitutions and additions of or to any or all of the foregoing.

Performance of Obligations

The Borrower shall pay all indebtedness hereby secured at the time or times and in the manner provided herein or in the Lease, and shall pay as provided for in the Lease, all premiums for insurance maintained on the Property and expenses for repairs to the Property that are required by the Borrower to make under the Lease.

Insurance

The Borrower shall keep the Improvements constantly and satisfactorily insured against loss by fire, flood (if applicable and available) and the risks covered under an "all risks" policy, including Extended Coverage and Special Extended Coverage Endorsements, and against explosion of boilers, heating apparatus and other pressure vessels, and such other hazards, casualties and contingencies as the Beneficiary[1] shall from time to time require, in an amount equal to the greater of (i) the principal balance outstanding or (ii) one hundred percent (100%) of the replacement cost of the Improvements (and the contents thereof, to the extent owned by the Borrower), and in any event in an amount sufficient to prevent the Borrower from being a co-insurer with respect to any loss, said coverage to be endorsed with a Replacement Cost Endorsement (the amount to be reviewed annually and increased if necessary so as to provide coverage at all times in an amount necessary to restore the Improvements (and contents) to the condition existing just prior to destruction or damage) and with a Loss of Rents Endorsement containing limits of liability and containing provisions with respect to taxes, operating costs, common charges and minimum and percentage rents satisfactory to the Beneficiary, and to include Builder's Risk coverage during the continuance of any construction on the Property.

The Borrower, during the term of this Deed of Trust, agrees to keep in force and effect a policy of commercial general liability insurance against claims for bodily injury, death or property damage occurring upon, in or about the Improvements, or any area or passageway adjacent to the Property under the control of the Borrower, in which the primary limits of liability shall not be less than One Millions Dollars ($1,000,000) combined single limits.

Payment of Taxes

In accordance with the Lease, the Borrower shall promptly pay, when due, all taxes, assessments, water and sewer charges and all other charges of whatever nature which may at any time be assessed against, levied upon or constitute a lien on, the whole or any portion of the Property and any tax assessed against the Beneficiary with respect to this Deed of Trust or the indebtedness hereby secured, whether under statutes now in force or that may hereafter be enacted; and the Borrower shall promptly pay, when due, all other taxes (including corporate taxes, personal property taxes and payments in lieu of taxes), assessments or charges that might become a lien prior to this Deed of Trust or that might have priority in distribution of the proceeds of a judicial sale.

Payment of Liens

The Borrower shall pay, when the same shall become due and payable, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Property or any part thereof.

Notwithstanding anything to the contrary provided in the Leasehold Deed of Trust, the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such claim so long as the validity thereof shall be contested diligently and in good faith by appropriate proceedings and with counsel reasonably satisfactory to the Beneficiary, and so long as the Borrower shall at all times have deposited with the Beneficiary, or posted a bond reasonably satisfactory to the Beneficiary in, a sum equal to the amount being so contested (including the amount of any fine, penalty, further interest or cost that may become due thereon during such contest); provided, however, that payment in full with respect to any such claim shall be made not less than twenty (20) days before the first date upon which the Property, or any portion thereof, may be seized and sold in satisfaction thereof.

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[1] The Beneficiary under the Leasehold Deed of Trust is the Trustee under the Indenture. The Trustee under the Leasehold Deed of Trust will be an individual that resides in the State of Mississippi and is named by the Trustee under the Indenture.

Beneficiary's Right to Pay Insurance Charges, Taxes and Liens

If the Borrower fails to insure the Property, or to pay and furnish receipts for all insurance charges, taxes, assessments and other charges, or to pay for all labor and materials, all as provided herein, the Beneficiary may, at the Beneficiary's option and upon ten (10) days written notice to the Borrower (or upon such lesser notice, or without notice, if the Beneficiary deems that the same is required to protect the Beneficiary's interest in the Property): procure such insurance; pay such insurance charges, taxes, assessments and charges and any penalty and interest thereon; redeem the Property or any part thereof from any tax sale or procure such receipts; and/or pay for such labor and materials; and the Borrower shall immediately pay to the Beneficiary all sums which the Beneficiary shall have so paid, together with interest thereon at the highest rate then prevailing for overdue payments of principal from the date the same was paid, and for payment thereof, this Deed of Trust shall stand as security in like manner and effect as for the payment of the indebtedness. The failure of the Beneficiary to procure such insurance, to pay such taxes, assessments and charges, to redeem the Property or any part thereof from any tax sale, and/or to pay for labor and materials, shall in no way render the Beneficiary liable to the Borrower. If the Beneficiary shall elect to advance insurance premiums, taxes, assessments or charges, redeem from tax sale, and/or pay for labor or materials, the receipt of the insurance company, the proper tax official or supplier shall, in the absence of manifest error, be conclusive evidence of the amount, validity and the fact of payment thereof.

Events of Default

The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Deed of Trust:

(a) The failure of the Borrower to pay any amounts under the Lese, when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Borrower of notice from the Issuer or Beneficiary specifying in detail the nature of such failure;

(b) Any installment of interest when due under the Bonds, unless such failure to pay interest is cured within fifteen (15) days after receipt by Borrower from the Beneficiary specifying in detail the nature of such failure;

(c) The entire outstanding principal of the Bonds, together with interest thereon, when due, whether at original maturity, upon acceleration or otherwise unless such failure to pay such principal is cured within fifteen (15) days after receipt by Borrower from the Beneficiary specifying in detail the nature of such failure; or

(d) Any other amount payable under the Bonds, this Deed of Trust or any supplement, modification or extension thereof, unless such failure is cured within the applicable notice and cure period, if any (or in the absence of any such notice and cure period, within fifteen (15) days).

(e) There shall occur an event of default or a default by Borrower which continues beyond the applicable grace or notice period, if any, under the Lease.

(f) The Borrower shall default in the due performance or observance of any term, covenant or agreement on the Borrower's part to be performed or observed pursuant to any of the provisions of this Deed of Trust and such default shall continue for a period of thirty (30) days after written notice thereof from the Beneficiary to the Borrower; provided, however, that if the curing of such default cannot be accomplished within said period of time, and if the Borrower commences to cure such default promptly after receipt of notice thereof from the Beneficiary, and thereafter prosecutes the curing of such default with reasonable diligence, such period

of time shall be extended to a period of time necessary to cure such default with reasonable diligence.

(g) The Borrower shall suspend or discontinue its business, or shall make an assignment for the benefit of creditors or a composition with creditors, shall be unable or admit in writing its or his inability to pay its or his debts as they mature, shall file a petition in bankruptcy, shall become insolvent (howsoever such insolvency may be evidenced), shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for the appointment of any receiver, liquidator or trustee of or for it or any substantial part of its property or assets, shall commence any proceedings under any bankruptcy, reorganization, arrangement, readjustment of debt, receivership, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or there shall be commenced against the Borrower any such proceeding which shall remain undismissed for a period of sixty (60) days or more, or any order, judgment or decree approving the petition in any such proceeding shall be entered; or the Borrower shall by any act or failure to act indicate its consent to, approval of or acquiescence in, any such proceeding or in the appointment of any receiver, liquidator or trustee of or for it or him or any substantial part of its or his property or assets, or shall suffer any such appointment to continue undischarged or unstayed for a period of sixty (60) days or more; or the Borrower shall take any action for the purpose of effecting any of the foregoing.

Beneficiary's Rights Upon Default

Upon the occurrence of any Event of Default hereunder, the Beneficiary shall have the right, forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to exercise any and all rights and remedies granted to the Beneficiary under this Deed of Trust or otherwise available to the Beneficiary at law or in equity, all of which rights and remedies shall be cumulative and not exclusive, and which shall include, without limitation, the following:

The Beneficiary shall have the right forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to declare the entire indebtedness of the Borrower immediately due and payable; and, in any such case, the prepayment premium, if any, which would have been applicable to a voluntary prepayment of the indebtedness at the time of such declaration by the Beneficiary shall be treated as part of the indebtedness secured hereby and added to and become a part of the principal thereof;

The Beneficiary shall have the right, forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, and without further notice or demand and without the commencement of any action to foreclose this Deed of Trust, to enter immediately upon and take possession of the Property without further consent or assignment by the Borrower, with the right to lease the Property, or any part thereof, and to collect and receive all of the rents, issues and profits, and all other amounts past due, due or to become due to the Borrower by reason of the Borrower's ownership of the Property, and to apply the same, after the payment of all necessary charges and expenses in connection with the operation of the Property (including any managing agent's commission, at the option of the Beneficiary), on account of interest and principal amortization, taxes, payments in lieu of taxes, water and sewer charges, assessments and insurance premiums with respect to the Property, and any advance made by the Beneficiary for improvements, alterations or repairs to the Property or on account of any other indebtedness hereby secured. The Borrower hereby irrevocably appoints the Beneficiary as the Borrower's attorney-in-fact to institute summary proceedings against any tenant, licensee, concessionaire or other occupant of any portion of the Property who shall fail to comply with the provisions of any covenant, agreement or condition applicable to the possession or occupancy of the Property by such tenant, licensee, concessionaire or other occupant. If the Borrower or any other person claiming by, through or under the Borrower is occupying all or any part of the Property, it is hereby agreed that the Borrower and each such other person shall, at the option of the Beneficiary, either immediately surrender possession of the Property to the Beneficiary and vacate the part of the Property so occupied or pay a reasonable rental for the use thereof, monthly in advance, to the Beneficiary; and

The Beneficiary shall have the right forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to sell or offer for sale the Property in such portions, order and parcels as the Beneficiary may determine, with or without having first taken possession of same, at public auction for cash or cash equivalent, including, without limitation, for certified checks, bank drafts, wire transfer funds, cashier checks and any other method of payment which, in the sole discretion of the Beneficiary, is "cash equivalent", to the highest and best bidder during legal hours, at any front door of the county courthouse of the county in which the Land is situated after having advertised and given notice of said sale, giving the time, place and terms thereof, together with a description of the Land according to the laws of the State of Mississippi governing sales of land under deeds of trust in force at the time the publication of said notice has begun. If the Land is situated in two or more counties or in two judicial districts of the same county, then the Trustee shall have power, in case the Trustee is directed to foreclose under this Deed of Trust, to select in which county, or judicial district, the sale of all the Property shall be made, and the selection shall be binding upon the Borrower and the Beneficiary and all persons claiming through or under them, whether by contract or by law. The Trustee shall have full power to fix the day, time and place of sale, and may sell the Property in parcels or as a whole as the Trustee may deem best. The Trustee shall have full power to conduct any sale through an agent appointed by the Trustee for the purpose, but said appointment of agent need not be recorded. At any such sale: (i) the Trustee shall not be required to have physically present, or to have constructive possession of, the Property (the Borrower hereby covenanting and agreeing to deliver to the Trustee any portion of the Property not actually or constructively possessed by the Trustee immediately upon demand by the Trustee) and the title to and right of possession of any such Property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale; (ii) the Trustee may, from time to time, adjourn said sale to a later date without readvertising, by giving notice of the time and place of such continued sale at the time when and where the Trustee shall make such adjournment; (iii) each and every recital contained in any instrument of conveyance made by the Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the indebtedness secured by this Deed of Trust, advertisement and conduct of such sale in the manner provided herein and otherwise by law and by appointment of any successor Trustee hereunder; (iv) any and all prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (v) the receipt of the Trustee or of such other party making the sale shall be a sufficient discharge to the purchaser for its or his purchase money and no such purchaser, or its or his assigns, successors or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; (vi) the Borrower shall be completely and irrevocably divested of all of the Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against the Borrower, and against any and all other persons claiming or to claim the Property sold or any part thereof; (vii) the Beneficiary may be a purchaser at any such sale; and (viii) the Trustee, in the Beneficiary's own name or as the attorney of the Borrower (the Trustee being for that purpose by this Deed of Trust duly and irrevocably authorized and appointed as the Borrower's agent and attorney in fact, coupled with an interest and with full power of substitution, delegation and revocation) to make, execute, acknowledge and deliver to the purchaser or purchasers thereof a good and sufficient deed or deeds of the Property in fee simple and to receive the proceeds of such sale or sales.

The Borrower waives the provisions of Section 89-1-55 of the Mississippi Code of 1972, or laws amendatory thereof, if any, so far as the same restricts the right of the Trustee to offer at sale more than one hundred sixty (160) acres at a time, and the Trustee may offer the Land as a whole, regardless of the manner in which the Land may be described.

Should the Property be sold in one or more parcels as permitted herein, the right of sale arising out of any Event of Default shall not be exhausted by any one or more such sales, but other and successive sales may be made until all of the Property has been sold or until the indebtedness secured by this Deed of Trust has fully satisfied.

The Borrower hereby irrevocably and unconditionally waives and releases: (i) all benefits that might accrue to the Borrower by virtue of any present or future law exempting the Property from attachment, levy

or sale or execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (ii) all notices of any Event of Default or of the Trustee's exercise of any right, remedy or recourse provided for hereunder; and (iii) any right to a marshalling of assets or a sale in inverse order of alienation.

In case the Beneficiary or the Trustee, on behalf of the Beneficiary, shall have proceeded to invoke any right, remedy or recourse permitted hereunder and shall thereafter elect to discontinue or abandon same for any reason, the Beneficiary or the Trustee, on behalf of the Beneficiary, as applicable, shall have the unqualified right so to do and, in such event, the Borrower, the Beneficiary and the Trustee shall be restored to their former positions with respect to the indebtedness secured hereby, this Deed of Trust, the Property and otherwise, and the rights, remedies, recourses and powers of the Beneficiary and the Trustee, on behalf of the Beneficiary, shall continue as if same had never been invoked.

EXHIBIT D

Form of Subordination Agreement

Prepared by:
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
Attn: Elizabeth Thomas, MS Bar No. 99403
17th Floor, AmSouth Plaza
Post Office Box 22567
Jackson, MS 39225-2567
(601) 948-5711

To the Chancery Clerk of Pearl River County, Mississippi:
The real property described herein is situated in the NW and SW Quarters of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT
(Lease Subordination)

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of the _____ day of _____, 2001, by and between **TRUSTMARK NATIONAL BANK**, a _____, as Trustee under that certain Indenture of Trust dated as of August 1, 2001(the "Indenture"), by and between the City of Picayune, Mississippi and Trustmark National Bank (the "Trustee"), and **CHEVRON USA, INC.**, a Pennsylvania corporation (the "Tenant").

WHEREAS, the Tenant has entered into that certain sublease, dated May 24, 2001 (the "Lease"), with, Magnolia Air I, LLC, a Mississippi limited liability company (hereinafter, together with its successors and assigns other than the Lender and those claiming under the Lender, the "Landlord"), relating to certain premises located at the Picayune Municipal Airport, Pearl River County, Mississippi and being more particularly described on Exhibit A attached hereto (the "Property').

WHEREAS, the City has agreed to issue $1,000,000, City of Picayune, Mississippi, Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) Series 2001A and $1,770,000, City of Picayune, Mississippi, Industrial Development Revenue Bonds (Magnolia Air I, LLC Project) Series 2001B (the "Loan")as evidenced by the Indenture, to finance construction of certain improvements at the Property, which Loan is evidenced by the Indenture and secured by a Deed of Trust encumbering the Property recorded in the aforesaid records in Book _____, at Page _____ and by certain other security instruments with respect thereto (such Indenture, Deed of Trust and other security instruments, as now or hereafter modified and amended, being hereinafter collectively referred to as the "Security Agreements"); and

WHEREAS, it is a condition precedent to the Lender's making the Loan to the Landlord that the Tenant shall have executed and delivered this Agreement to the Lender;

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Lease is and shall be subject and subordinate to the Security Agreements and the lien thereof, and to any and all advances made thereunder, and to all renewals, modifications, amendments, consolidations, replacements and extensions thereof, to the full extent of the principal sum from time to time secured thereby, all interest and charges thereon, and all payments relating to the Property secured by the Security Agreements, said subordination to be with the same effect as though the Security Agreements, and any and all such renewals, modifications, amendments, consolidations, replacements and extensions thereto, had been executed, acknowledged, delivered and recorded, and all advances thereunder had been made, prior to the execution, acknowledgment, delivery and recording of the Lease and any notice thereof.

2. (a) In the event that the Lender forecloses the Security Agreements, the Lender will not disturb the possession of the Tenant, terminate the Lease or join the Tenant in foreclosure proceedings, so

long as the Tenant duly and promptly keeps and performs all of the Tenant's obligations under the Lease and this Agreement.

(b) The Tenant shall attorn to and recognize the Lender or any other purchaser at a foreclosure sale under the Security Agreements, or any transferee who acquires the Property and the Landlord's leasehold interest therein by deed in lieu of foreclosure, and their respective successors and assigns, as landlord under and for the unexpired balance (and any extensions, if exercised) of the term of the Lease upon the same terms and conditions set forth therein.

(c) In the event that the Lender succeeds to the interest of the Landlord under the Lease, the Lender shall not be:

(i) liable for any act or omission of the Landlord;

(ii) bound by any rent or additional rent which the Tenant might have prepaid for more than the then current month under the Lease;

(iii) bound by any amendment or modification of the Lease made without the Lender's consent; and

(iv) liable to return or otherwise account for any security deposit unless the same has been deposited with the Lender.

3. The Tenant shall give prompt written notice to the Lender of any default of the Landlord in performance of the Landlord's obligations under the Lease, if such default is of such a nature as to give the Tenant a right to terminate the Lease, reduce the rent or to credit or offset any amounts against future rents (it being further agreed that such notice will be given to any successor in interest of the Lender in the Security Agreements who shall have the Lender's interest therein). The Lender shall have not less than thirty (30) days after receipt of any such notice to cure any such default and such period may run concurrently with any cure period applicable to the Landlord. All payments so made and all things so done and performed by the Lender shall be as effective to prevent the rights of the Landlord from being forfeited or adversely affected because of any such default as if the same had been done or performed by the Landlord.

4. The Tenant consents to the assignment to the Lender of the Landlord's interest in and to rents payable by the Tenant under the Lease, the Tenant hereby confirming that the Tenant has no knowledge of any other or prior assignment, hypothecation or pledge of the Lease or rents.

5. This Agreement shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, as the case may be, and may not be terminated, modified, changed or amended, except by a written instrument signed by the party to be charged.

6. All notices, requests, demands, consents, approvals or other communications given hereunder or in connection herewith shall be in writing, shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery or expedited delivery service, delivery charges prepaid and with acknowledged receipt of delivery, shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed to the party to receive such notice at the following applicable address:

If to the Tenant, to:

Chevron USA, Inc.
c/o Chevron Business and Real Estate Services
P.O. Box 4619
Houston, Texas 77210
Attn: Leasing Manager

If to the Trustee, to:

Trustmark National Bank
248 E. Capitol Street
Jackson, Mississippi 39201
Attn: Sheila Johnson

With a copy by ordinary first class mail to:

Butler, Snow, O'Mara, Stevens & Cannada, PLLC
17th Floor, AmSouth Plaza
Post Office Box 22567
Jackson, Mississippi 39225-2567
Attn: Elizabeth E. Thomas, Esq.

Either party may, by notice given as aforesaid, change its address for all subsequent notices. Each notice by or on behalf of the Lender shall be deemed sufficient if signed by any one of the Lender's officers or the Lender's counsel and if otherwise given or made in compliance with this Section.

7. This Agreement shall be made and delivered in the State of Mississippi and shall be governed by the laws thereof. This Agreement shall be interpreted, construed, applied and enforced in accordance with the laws of the State of Mississippi, regardless of (i) where this Agreement is executed or delivered, (ii) where any payment or other performance required by this Agreement is made or required to be made, (iii) where any breach of any provision of this Agreement occurs or any cause of action otherwise accrues, (iv) where any action or other proceeding is instituted or pending, (v) the nationality, citizenship, domicile, principal place of business, jurisdiction of organization or domestication of any party, (vi) whether the laws of the forum jurisdiction otherwise would apply the laws of a jurisdiction other than the State of Mississippi, or (vii) any combination of the foregoing.

8. Any action to enforce, arising out of or relating in any way to any of the provisions of this Agreement shall be brought and prosecuted in such court or courts located in the State of Mississippi as is provided by law; and the parties hereto consent to the jurisdiction of said court or courts located in the State of Mississippi and to service of process by certified mail, return receipt requested, or by any other manner provided by law.

9. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment by or on behalf of the Landlord to the Lender is rescinded or otherwise must be returned by the Lender to the Landlord upon the insolvency, bankruptcy or reorganization of the Landlord or otherwise, all as though such payment had not been made.

[This space left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

-TENANT-

CHEVRON USA, INC.

By:_____
Name:_____
Title:_____

-TRUSTEE-

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By:_____
Name:_____
Title:_____

EXHIBIT A

Legal Description

"All that tract or parcel of land lying and being in the NW and SW Quarters of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, and being more particularly described as follows:"

See attached copy.

RECESSED MEETING DATED OCTOBER 16, 2001

BOOK 767 PAGE 461

EXHIBIT "A"

A. LEGAL DESCRIPTION OF THE LAND (Section 5.1(a) of Lease):

A partition from a tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said partition being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary 720.00 feet; thence run along the boundary of the parent tract through the following courses: run North for 810.00 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence along the forty line S00°03'13"W for 120.60 feet; thence run East 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 270.04 feet to the Point of Beginning. Thence run S89°54' 30"E for 460.00 feet; thence run S00°02'20"W 660.40 feet; thence run N89°54'30"W 460.00 feet; thence run N00°02'20"E for 660.40 feet back to the Point of Beginning. Said parcel contains 6.97 acres, more or less, and is located in the SE ¼ of the NW ¼ and in the NE ¼ of the SW ¼ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, bearings herein are based on a Solar Observation.

B. LEGAL DESCRIPTION OF EASEMENT FOR RUNWAY ROAD (Section 5.1(c)(i) of Lease):

Easement No. 2 for ingress and egress along Runway Road attached to the aforementioned lease parcel, also being an easement from the parent tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said easement being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet to the Point of Beginning of the following described easement: thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence run along the forty line S00°03'13"W for 120.60 feet; thence run East for 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 2875.96 feet back to the Point of Beginning. Said easement contains 12.10 acres, more or less, and is located in the North ½ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

INITIAL
WS
GEO

Easement No. 1 for ingress and egress along Runway Road described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet; thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet to the Point of Beginning; thence run along the forty line S00°03'13"W for 120.60 feet; thence run N71°35'06"W for 167.68 feet; thence run N83°43'22"W for 71.08 feet; thence run around a curve to the left having a delta of 18°50'07", a radius of 911.24 feet, an arc length of 299.56 feet, a chord bearing of S86°51'35"W and a chord distance of 298.21 feet; thence run S77°26'31"W for 316.47 feet; thence run around a curve to the right having a delta of 06°52'53", a radius of 2604.06 feet, an arc length of 312.76 feet, a chord bearing of S80°52'58"W and a chord distance of 312.57 feet; thence run S84°19'24"W for 142.06 feet; thence run around a curve to the left having a delta of 14°05'47", a radius of 721.82 feet, an arc length of 177.59 feet, a chord bearing of S77°16'31"W and a chord distance of 177.14 feet; thence run S70°13'37"W for 188.34 feet; thence run around a curve to the right having a delta of 30°58'05", a radius of 221.65 feet, an arc length of 119.80 feet, a chord bearing of S85°42'40"W and a chord distance of 118.35 feet to the Right-Of-Way of Ridge Road (a Public Road); thence run along said Right-Of-Way N15°57'02"E for 120.91 feet; thence turn right and run along a non-tangential curve to the left having a delta of 25°18'32", a radius of 101.65 feet, an arc length of 44.90 feet, a chord bearing of N82°52'54"E and a chord distance of 44.54 feet; thence run N70°13'37"E for 188.34 feet; thence run around a curve to the right having a delta of 14°05'47", a radius of 841.82 feet, an arc length of 207.11 feet, a chord bearing of N77°16'31"E and a chord distance of 206.59 feet; thence run N84°19'24"E for 142.06 feet; thence run around a curve to the left having a delta of 06°52'53", a radius of 2484.06 feet, an arc length of 298.34 feet, a chord bearing of N80°52'58"E and a chord distance of 298.17 feet; thence run N77°26'31"E for 316.47 feet; thence run around a curve to the right having a delta of 18°50'07", a radius of 1031.24 feet, an arc length of 339.01 feet, a chord bearing of N86°51'35"E and a chord distance of 337.48 feet; thence run S83°43'22"E for 57.49 feet; thence run S71°35'06"E for 168.21 feet back to the point of beginning. Said Easement contains 4.88 acres, more or less, and is located in the North ½ of Section 25 and in the SE1/4 of the NE ¼ of Section 26, Township 6 South, Range 17 West, Pearl River County, Mississippi.

INITIAL
WS.
JFB

STATE OF _____

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2001, within my jurisdiction, the within named _____ who acknowledged that [he] [she] is _____ of Chevron U.S.A., Inc., a Pennsylvania corporation, and that for and on behalf of the said corporation, and as its act and deed, [he] [she] executed the above and foregoing Subordination, Nondisturbance and Attornment Agreement, after first having been duly authorized by said corporation so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF _____

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, 2001, within my jurisdiction, the within named _____ who acknowledged that [he] [she] is _____ of Trustmark National Bank, a corporation, and that for and on behalf of the said corporation, and as its act and deed, [he] [she] executed the above and foregoing Subordination, Nondisturbance and Attornment Agreement, after first having been duly authorized by said corporation so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

EXHIBIT E

Form of Leasehold Deed of Trust

Prepared by:
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
Attn: Elizabeth E. Thomas, MS Bar No. 99403
17th Floor, AmSouth Plaza
Post Office Box 22567
Jackson, MS 39225-2567
(601) 948-5711

To the Chancery Clerk of Pearl River County, Mississippi:
The real property described herein is situated in the Northwest and Southwest Quarters of Section 25, Township 6 South, Range1 7 West, Pearl River County, Mississippi.

LEASEHOLD DEED OF TRUST

WHEREAS, MAGNOLIA AIR I, LLC, a Mississippi limited liability company (the "Grantor"), is indebted to the City of Picayune (the "City"), pursuant to that certain Amended and Restated Lease Agreement, dated as of October 1, 2001 (the "Agreement") and this indebtedness has been assigned to **TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI** (the "Beneficiary"), as evidenced by that certain Indenture of Trust, between the City and the Beneficiary, dated as of October 1, 2001 (the "Indenture") and that amount payable to the Beneficiary under the Indenture is in the principal amount of **TWO MILLION SEVEN HUNDRED SEVENTY THOUSAND AND NO/100 DOLLARS ($2,770,000.00)**, together with interest thereon, with final payment being due on or before September 16, 2016;

NOW THEREFORE, KNOW ALL MEN, that the Grantor, in consideration of said debt and for other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, assigns, sells, conveys and warrants unto _____, an individual residing in the State of Mississippi (the "Trustee"), as Trustee for the benefit of the Beneficiary, the following described real and personal property (hereinafter collectively referred to as the "Property"):

A. LAND:

All of the Grantor's leasehold interest in and to that certain parcel or lot of land located in Pearl River County, Mississippi that is more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Land"), including, without limitation, all of the Grantor's right, title and interest in, to and under that certain Lease Agreement, dated March 29, 2001, between the City of Picayune, a municipal corporation organized and existing under the laws of the State of Mississippi (the "Lessor"), as lessor, and the Grantor, as lessee, and recorded with the Chancery Clerk of Pearl River County, Mississippi in Book 767, at Page 409-550, as amended by that certain Amended and Restated Lease Agreement between the Lessor and the Grantor, dated as of August 1, 2001 recorded with the Chancery Clerk of Pearl River County, Mississippi in Book ____, at Page _____ (collectively as amended and evidenced, and as from time to time further amended, assigned, modified, replaced and supplemented, the "Lease").

B. IMPROVEMENTS:

All of Grantor's right, title and interest in and to all buildings and other improvements now located on or to be constructed on the Land or added thereto, together with all fixtures now or hereafter owned by the Grantor, or in which the Grantor has an interest, and placed in or upon the Land or the buildings or other improvements thereon (collectively, the "Improvements").

C. **EASEMENTS:**

All of Grantor's right, title and interest in and to any and all easements, bridges, rights of way, licenses, privileges, hereditaments and appurtenances belonging to or inuring to the benefit of the Land; all right, title and interest of the Grantor in and to the land lying within any street or roadway adjoining the Land; and all right, title and interest of the Grantor in and to any vacated or hereafter vacated streets or roads adjoining the Land (collectively, the "Easements").

D. **PERSONAL PROPERTY:**

All of Grantor's right, title and interest in and to any and all fixtures, machinery, equipment and other personal property of every kind, description and nature whatsoever, now or hereafter located in or upon or affixed to the Land or Improvements, or any part thereof, or now or hereafter used or to be used in connection with any present or future operation thereof or construction thereon, and now owned or hereafter acquired by the Grantor, including, without in any way limiting the generality of the foregoing: any and all of the following now owned or hereafter acquired by Grantor: (i) heating, lighting, incinerating, refrigerating, ventilating, air conditioning, air cooling, lifting, fire extinguishing, plumbing, cleaning, communications and power equipment and apparatus; (ii) gas, water and electrical equipment and apparatus; and (iii) elevators, escalators, switchboards, engines, motors, tanks, pumps, partitions, conduits, ducts and compressors, together with any renewals, replacements or additions of or to any of the above or substitutions therefor; it being understood and agreed that all such fixtures, machinery, apparatus, equipment and other personal property are a part of and are declared to be a portion of the security for the indebtedness hereby secured, whether physically attached to the Improvements or not (collectively, the "Personal Property").

E. **LEASES AND RENTS:**

All of the Grantor's right, title and interest, owned by the Grantor as a tenant, in and to all leases (which term, as used herein, shall include all occupancy agreements, licenses, concession agreements and all other agreements or tenancies, however denominated, affecting the occupancy of the Property, or any portion thereof) now or hereafter affecting or pertaining to the Property and the business operations conducted thereon, including, but not limited to, the Lease together with all of the rents, issues, benefits and profits of the Property.

F. **SUBLEASES AND RENTS:**

All of the Grantor's right, title and interest, owned by the Grantor as a sub-landlord, in and to all subleases (which term, as used herein, shall include all occupancy agreements, licenses, concession agreements and all other agreements or tenancies, however denominated, affecting the occupancy of the Property, or any portion thereof) now or hereafter affecting or pertaining to the Property and the business operations conducted thereon, including, but not limited to that certain Sublease Agreement by and between Grantor, as sub-landlord, and Chevron U.S.A. Inc. (the "Subtenant"), as subtenant, dated May 24, 2001 (the "Sublease Agreement"), together with all of the rents, issues, benefits and profits of the Property.

G. **RECORDS:**

A security interest in and to all of the records and books of account now or hereafter maintained by the Grantor in connection with the operation of the Property.

H. **PROCEEDS, AWARDS AND OTHER MONEYS:**

A security interest in all proceeds paid for any damage or loss to the Property or any part thereof, all awards, including interest, in connection with any condemnation or other taking of the Property, or any part thereof, or for conveyance in lieu thereof, and all other moneys which may from time to time become subject to the lien hereof, whether by conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims or otherwise (collectively, the "Proceeds").

I. **ACCOUNTS AND INTANGIBLES:**

A security interest in and to all accounts, contract rights and general intangibles covering or relating to any or all of the foregoing property, whether now in existence or hereafter arising.

J. **REPLACEMENTS AND SUBSTITUTIONS:**

All of the Grantor's right, title and interest in and to all replacements, substitutions and additions of or to any or all of the foregoing.

TO HAVE AND TO HOLD unto the Trustee in trust for the use, benefit and behalf of the Beneficiary, forever.

SUBJECT, HOWEVER, to those certain liens, encumbrances and other matters set forth on Exhibit B attached hereto and made a part (collectively, the "Permitted Exceptions").

This conveyance is made to secure:

(i) Payment of the indebtedness of the Grantor to the Beneficiary evidenced by the Indenture, together with interest on said indebtedness at the rate specified therein, or any other Indenture made and delivered by the Grantor to the Beneficiary in substitution, extension or replacement therefor, whether of the same amount or otherwise, or any modification of any of the foregoing, which Indenture and any substitute, extension and replacement guaranty and any modification of any of the foregoing shall be hereinafter referred to as the "Indenture";

(ii) Payment, performance and observance by the Grantor of each and every covenant, condition and obligation of the Grantor contained in the Lease, the Sublease, this Deed of Trust and/or any other document or instrument now or hereafter evidencing or securing the indebtedness, or executed or delivered in connection therewith (all of such documents and instruments being hereinafter collectively referred to as the "Bond Documents");

(iii) Payment by the Grantor to the Beneficiary of all future or additional advances that the Grantor may make to the Beneficiary from time to time pursuant to any term or provision of this Deed of Trust or with respect to the Indenture, the Lease or the Bond Documents.

The Grantor warrants that the Grantor has good title to Grantor's interest in and to the Property, and is lawfully seized and possessed of the Property and every part thereof, and has the right to convey and encumber the same; the Property is unencumbered except for the Permitted Exceptions; and the Grantor will forever warrant and defend the title to the Property unto the Trustee and the Beneficiary against the claims of all persons whomsoever except as to the Permitted Exceptions.

This Deed of Trust is a leasehold deed of trust and security agreement pursuant to the laws of the State of Mississippi governing deeds of trust and security agreements and is not a mortgage.

The Grantor hereby further covenants and agrees with the Beneficiary to pay, perform or observe, as the case may be, all of the following additional covenants and agreements:

ARTICLE 1

Performance of Obligations

1.1 The Grantor shall pay all indebtedness hereby secured at the time or times and in the manner provided herein, in the Indenture or in the Lease, and shall pay as provided for in the Lease, all premiums for insurance maintained on the Property and expenses for repairs to the Property that are required by the Grantor to make under the Lease.

1.2 The Grantor shall promptly and fully keep, perform and comply with all the terms, provisions, covenants and conditions imposed upon the Grantor hereunder, under the Lease Agreement, the Sublease and/or under any of the other Bond Documents.

ARTICLE 2

Insurance

2.1 The Grantor shall keep the Improvements constantly and satisfactorily insured against loss by fire, flood (if applicable and available) and the risks covered under an "all risks" policy, including Extended Coverage and Special Extended Coverage Endorsements, and against explosion of boilers, heating apparatus and other pressure vessels, and such other hazards, casualties and contingencies as the Beneficiary shall from time to time require, in an amount equal to the greater of (i) the principal balance outstanding under the Indenture or (ii) one hundred percent (100%) of the replacement cost of the Improvements (and the contents thereof, to the extent owned by the Grantor), and in any event in an amount sufficient to prevent the Grantor from being a co-insurer with respect to any loss, said coverage to be endorsed with a Replacement Cost Endorsement (the amount to be reviewed annually and increased if necessary so as to provide coverage at all times in an amount necessary to restore the Improvements (and contents) to the condition existing just prior to destruction or damage) and with a Loss of Rents Endorsement containing limits of liability and containing provisions with respect to taxes, operating costs, common charges and minimum and percentage rents satisfactory to the Beneficiary, and to include Builder's Risk coverage during the continuance of any construction on the Property.

2.2 The Grantor, during the term of this Deed of Trust, agrees to keep in force and effect a policy of commercial general liability insurance against claims for bodily injury, death or property damage occurring upon, in or about the Improvements, or any area or passageway adjacent to the Property under the control of the Grantor, in which the primary limits of liability shall not be less than One Millions Dollars ($1,000,000) combined single limits.

2.3 All such insurance shall be evidenced by valid and enforceable policies in form and substance reasonably acceptable to the Beneficiary and shall be made payable to the Beneficiary by means of a standard noncontributory mortgagee clause in favor of and in form acceptable to the Beneficiary, and in the case of liability coverage, shall name the Beneficiary as additional insured. Either the originals of all such policies or a certificate from the insurer setting forth the limits of the insurance coverage (to which certificate shall be attached a copy of the appropriate policy or policies) shall be delivered to the Beneficiary concurrently with the execution and delivery of this Deed of Trust, and thereafter all renewal or replacement policies shall be delivered to the Beneficiary not less than twenty (20) days prior to the expiration date of the policy to be renewed or replaced, accompanied, if requested by the Beneficiary, by evidence satisfactory to the Beneficiary that all premiums payable with respect to such policies have been paid in full by the Grantor.

2.4 All such insurance policies shall (i) contain an endorsement requiring thirty (30) days written notice to the Beneficiary prior to cancellation or change in the coverage, scope or amount of any such policy or policies, and (ii) provide that any loss shall be payable to the Beneficiary notwithstanding any act or negligence of the Grantor which might otherwise result in a forfeiture of said insurance.

2.5 The Grantor may effect for the Grantor's own account any insurance not required under the provisions of this Deed of Trust, but any insurance effected by the Grantor on the Property, whether or not required under this Deed of Trust, shall be subject to all other provisions of this Deed of Trust.

2.6 The Grantor shall have the right of free choice in the selection of the agent or insurer through or by which the insurance required hereunder is to be placed; provided, however, said insurer is authorized to write such insurance in the State of Mississippi, has a licensed resident agent in said State and has, at all times while this Deed of Trust is in effect, a general policyholder's rating of A-/VII or higher in Best's latest rating guide. Such insurance shall not be "blanketed" with any insurance on property other than the Property without the consent of the Beneficiary.

2.7 Subject in all instances to the rights of the Lessor under the Lease, the Beneficiary shall have the right and is hereby irrevocably constituted and appointed the true and lawful attorney in fact of the Grantor, coupled with an interest and with full power of substitution, delegation and revocation, in the name and stead of the Grantor, but in the uncontrolled discretion of said attorney, (i) to demand, adjust, sue for, compromise and collect any amounts due under such insurance policies in the event of loss, and (ii) to give releases for any and all amounts received in settlement of losses under such policies.

2.8 Any amounts so received shall be so applied according to Article IXX of the Lease.

2.9 Subject in all instances to the rights of the Lessor under the Lease and the rights of the Subtenant under the Sublease, if the Beneficiary shall in any manner acquire title to the Property, the Beneficiary shall thereupon become the sole and absolute owner of all insurance policies held by or required hereunder to be delivered to the Beneficiary, with the sole right to collect and retain all unearned premiums and dividends thereon, and the Grantor shall only be entitled to a credit, in reduction of the then outstanding indebtedness secured hereby, in the amount of the cancellation refund.

2.10 In the event of foreclosure of this Deed of Trust and the transfer of title to the Property to a third-party purchaser, but subject to the rights of the Lessor under the Lease and the rights of the Subtenant under the Sublease, all right, title and interest of the Grantor in and to such insurance policies or to any refund or return of premiums or dividends with respect thereto shall pass to the Beneficiary and the Beneficiary shall have the right (the Beneficiary being hereby irrevocably constituted and appointed the true and lawful attorney in fact of the Grantor, coupled with an interest and with full power of substitution, delegation and revocation) to surrender up the policies of insurance covering the Property and to collect any amounts due thereunder or, at the Beneficiary's option, to transfer the Beneficiary's right, title and interest in and to said policies and the proceeds thereof to any purchaser of the Property, without obligation to account therefor to any person claiming title to the Property; provided, however, that any amounts received by the Beneficiary under said policies by way of refunds, dividends or otherwise, as aforesaid, shall be applied to the payment of the indebtedness secured hereby, and any surplus shall be paid over as a surplus on foreclosure.

ARTICLE 3

Payment of Taxes

3.1 In accordance with the Lease and the Indenture, the Grantor shall promptly pay, when due, all taxes, assessments, water and sewer charges and all other charges of whatever nature which may at any time be assessed against, levied upon or constitute a lien on, the whole or any portion of the Property and any tax assessed against the Beneficiary with respect to this Deed of Trust or the indebtedness hereby secured,

whether under statutes now in force or that may hereafter be enacted; and the Grantor shall promptly pay, when due, all other taxes (including corporate taxes, personal property taxes and payments in lieu of taxes), assessments or charges that might become a lien prior to this Deed of Trust or that might have priority in distribution of the proceeds of a judicial sale.

3.2 Upon (i) the passage of any law imposing the payment of all or any part of the foregoing upon the Beneficiary, (ii) the rendering of a decision by any appellate court of competent jurisdiction that the undertaking by the Grantor or any similar undertaking to pay such taxes, assessments and/or charges is legally inoperative or (iii) the changing in any way of the laws concerning the taxation of deeds of trust or debts secured by deeds of trust for state or local purposes or the manner of the collection of any such taxes, so as to affect this Deed of Trust, then the indebtedness hereby secured without deduction shall, at the option of the Beneficiary, upon thirty (30) days' written notice to the Grantor, become immediately due and payable, notwithstanding anything contained in this Deed of Trust or any law heretofore or hereafter enacted; provided, however, in the case of (i) above that if in the opinion of the Beneficiary's counsel it be lawful in all respects for the Grantor to pay such taxes, assessments or charges imposed under any such future law or reimburse the Beneficiary therefor (and the same will not amount to an exaction of interest in excess of the highest rate permitted by law) and the Grantor lawfully makes payment thereof or reimburses the Beneficiary therefor, then the unpaid balance of the indebtedness hereby secured shall not be so accelerated on account of the matters hereinabove set forth. The Grantor shall not suffer or permit any such taxes, assessments or charges on the Property to become or remain delinquent or permit any part thereof or any interest therein to be sold for any such taxes, assessments or charges; and further shall furnish to the Beneficiary, in each instance prior to the date when they would become delinquent, certificates or receipts of the proper officer showing full payment of all taxes, assessments and charges.

3.3 Notwithstanding anything to the contrary provided herein or in the Indenture, the Grantor shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or charge so long as the validity thereof shall be contested diligently and in good faith by appropriate proceedings and with counsel reasonably satisfactory to the Beneficiary, and so long as the Grantor shall at all times have deposited with the Beneficiary, or posted a bond reasonably satisfactory to the Beneficiary in, a sum equal to the amount being so contested (including the amount of any fine, penalty, further interest or cost that may become due thereon during such contest); provided, however, that payment in full with respect to any such tax, assessment or charge shall be made not less than twenty (20) days before the first date upon which the Property, or any portion thereof, may be seized and sold in satisfaction thereof.

ARTICLE 4

Payment of Liens

4.1 The Grantor shall pay, when the same shall become due and payable, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Property or any part thereof.

4.2 Notwithstanding anything to the contrary provided herein or in the Indenture, the foregoing provisions of this Article, the Grantor shall not be required to pay and discharge or cause to be paid and discharged any such claim so long as the validity thereof shall be contested diligently and in good faith by appropriate proceedings and with counsel reasonably satisfactory to the Beneficiary, and so long as the Grantor shall at all times have deposited with the Beneficiary, or posted a bond reasonably satisfactory to the Beneficiary in, a sum equal to the amount being so contested (including the amount of any fine, penalty, further interest or cost that may become due thereon during such contest); provided, however, that payment in full with respect to any such claim shall be made not less than twenty (20) days before the first date upon which the Property, or any portion thereof, may be seized and sold in satisfaction thereof.

ARTICLE 5

Beneficiary's Right to Pay Insurance Charges, Taxes and Liens

If the Grantor fails to insure the Property, or to pay and furnish receipts for all insurance charges, taxes, assessments and other charges, or to pay for all labor and materials, all as provided herein, the Beneficiary may, at the Beneficiary's option and upon ten (10) days written notice to the Grantor (or upon such lesser notice, or without notice, if the Beneficiary deems that the same is required to protect the Beneficiary's interest in the Property): procure such insurance; pay such insurance charges, taxes, assessments and charges and any penalty and interest thereon; redeem the Property or any part thereof from any tax sale or procure such receipts; and/or pay for such labor and materials; and the Grantor shall immediately pay to the Beneficiary all sums which the Beneficiary shall have so paid, together with interest thereon at the highest rate then prevailing under the terms of the Indenture for overdue payments of principal from the date the same was paid, and for payment thereof, this Deed of Trust shall stand as security in like manner and effect as for the payment of the indebtedness evidenced by the Indenture. The failure of the Beneficiary to procure such insurance, to pay such taxes, assessments and charges, to redeem the Property or any part thereof from any tax sale, and/or to pay for labor and materials, shall in no way render the Beneficiary liable to the Grantor. If the Beneficiary shall elect to advance insurance premiums, taxes, assessments or charges, redeem from tax sale, and/or pay for labor or materials, the receipt of the insurance company, the proper tax official or supplier shall, in the absence of manifest error, be conclusive evidence of the amount, validity and the fact of payment thereof.

ARTICLE 6

Insurance and Tax Deposits

In accordance with the Lease and the Indenture, all taxes and insurance payments will be made to the Beneficiary. The Beneficiary will apply the funds in the Tax and Insurance Fund (as defined in the Indenture) to the payment of such taxes and premiums and shall render an annual accounting to the Grantor of all disbursements made from this fund. Notwithstanding anything to the contrary provided herein or in the Indenture, Grantor shall be deemed to have paid all such insurance charges, taxes, assessments and other charges to the extent that Grantor has deposited or caused to be deposited in escrow with the Beneficiary sufficient sums for the payment of same.

ARTICLE 7

Maintenance and Repair

7.1 Except the repairs that are the responsibility of the Landlord under the Lease, Grantor shall, at all times during the Term of the Lease and this Deed of Trust, and at its own cost and expense keep and maintain or cause to be kept and maintained in good condition and repair (damage or destruction by fire and other casualty, and ordinary wear and tear expected), all buildings and improvements at any time erected on the Property by Grantor and shall use reasonable precautions to prevent waste, damage or injury.

7.2 The Grantor shall not: permit any strip or waste of the Property; permit the violation of any law, ordinance or governmental regulation affecting the same or the use thereof; permit any conditions to exist which would wholly or partially invalidate any insurance on the Property; or permit anything to be done to the Property that might diminish the value thereof.

7.3 The Grantor shall permit the Beneficiary, and the Beneficiary's officers, agents and servants, to enter upon the Property at all reasonable times to view and inspect the same.

7.4 The Grantor shall, within thirty (30) days after demand by the Beneficiary (or immediately upon demand in case of emergency), make such repairs, replacements, renewals or additions, or perform such items of maintenance to the Property, if such repairs, replacements, renewals or additions are the responsibility of the Grantor under the Lease, as the Beneficiary may reasonably require in order to maintain the Property at the standards required by this Article; provided, however, that if such required action cannot reasonably be completed within the time herein provided, then if the Grantor shall so notify the Beneficiary and immediately commence and carry out such action in a prompt and diligent manner, the time for completion thereof shall be extended to the period of time necessary to complete the same in a prompt and diligent manner.

ARTICLE 8

Alterations

Grantor may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements and additions in and to the Property, and the building(s) and improvements thereon, as it may deem desirable, including the demolition of any building(s) and improvements and/or structure(s) that now or hereafter may be situated or erected on the Property.

ARTICLE 9

Compliance with the Lease and other Leases, Etc.

9.1 The Grantor shall promptly and fully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements imposed upon or assumed by the Grantor as lessee under the Lease, and the Grantor shall not do, or permit to be done, or omit or refrain from doing, any act or thing, the doing or omission of which will give the Lessor a right to declare a default under or terminate the Lease. In the event that the Grantor acquires fee simple title in and to the Land and the portion of the Property subject to the Lease, this Deed of Trust shall be deemed to be and shall continue in all respects as a deed of trust and security agreement encumbering the Grantor's fee simple interest in the Land and such other Property in accordance with the terms and provisions set forth herein.

9.2 The Grantor shall promptly and fully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements imposed upon or assumed by the Grantor as landlord, licensor or grantor under the Sublease and any and every other sublease, lease, license, concession, occupancy and other tenancy agreement now or hereafter in effect (including any amendments or supplements thereto) covering any part of the Property or any other property owned or controlled by the Grantor that is affected by the terms, provisions, covenants, conditions and agreements imposed upon or assumed by the Grantor in the Sublease or such other sublease, lease, license, concession, occupancy or other tenancy agreement and the Grantor shall not do, or permit to be done, or omit or refrain from doing, any act or thing the doing or omission of which will give any subtenant, tenant, licensee, concessionaire or occupant a right to terminate the Sublease or any other sublease, lease, license, concession, occupancy or other tenancy agreement or to abate the rental or other payments due thereunder.

9.3 If the Grantor shall, in any manner, fail to comply with Sections 9.1 or 9.2 above, the Beneficiary may take (but shall not be obliged to), upon ten (10) days written notice to the Grantor (or upon such lesser notice, or without notice, if the Beneficiary deems that the same is required to protect the Beneficiary's interest in the Property), any action which the Beneficiary shall deem necessary or desirable to prevent or cure any default by the Grantor in the performance of or compliance with any of the Grantor's covenants or obligations as lessee under the Lease or as landlord, licensor or grantor under the Sublease or any such other lease, license, concession, occupancy or other tenancy agreement. The Grantor shall promptly deliver to the Beneficiary a copy of any notice of default received from the Lessor or any subtenant, tenant, licensee, concessionaire or other occupant that is a party to the Sublease or any such other sublease,

lease, license, concession, occupancy or other tenancy agreement. The Beneficiary shall have the right to enter upon the Property, and any other property owned or controlled by the Grantor which is affected by any of the terms, conditions, provisions, covenants and agreements of the Sublease or any such other lease, license, concession, occupancy or other tenancy agreement, to such extent and as often as the Beneficiary deems necessary or desirable in order to prevent or cure any such default by the Grantor. The Beneficiary may expend such sums of money as are reasonable and necessary for any such purpose, and the Grantor hereby agrees to pay to the Beneficiary, immediately upon demand, all sums so expended by the Beneficiary, together with interest thereon from the date of such payment at the highest rate then prevailing under the terms of the Indenture for overdue payments of principal, and until so paid by the Grantor, all sums so expended by the Beneficiary, and the interest thereon, shall be added to and secured by the lien of this Deed of Trust.

ARTICLE 10

Management and Operation

10.1 The Grantor shall at all times provide management for the Improvements reasonably satisfactory to the Beneficiary.

10.2 The Grantor shall continuously operate the Improvements in an efficient manner and in compliance with all applicable laws, ordinances, rules, regulations and directions of governmental authorities having jurisdiction over the Property, and also in compliance with the requirements of all policies of insurance on the Property and of the national or local Boards of Fire Underwriters. The Grantor shall also procure, pay for, maintain and comply with all permits, licenses and other authorizations needed for the operation of the Improvements.

ARTICLE 11

Books and Records

11.1 The Grantor shall keep proper and separate books of account, in accordance with generally accepted accounting principles, and make, or cause to be made, full and true entries of all dealings and transactions of every kind relating to the Property, which books and records shall be open to inspection by the Beneficiary, the Beneficiary's agents and accountants and representatives, at all reasonable times.

ARTICLE 12

Financial Reports

12.1 Within sixty (60) days after the end of each fiscal year of the Grantor, the Grantor shall furnish to the Beneficiary a copy of the annual financial statements for such fiscal year accurately reflecting the financial condition of the Grantor and the results of the Grantor's operations, including, without limitation, balance sheets, profit and loss statements and statements of changes in financial position, all compiled by independent certified public accountants reasonably satisfactory to the Beneficiary in accordance with generally accepted accounting principles consistently applied; all such financial statements shall set forth separately the property included in, the liabilities relating to and the results of the operations of, the Improvements.

ARTICLE 13

Condemnation

13.1 Forthwith upon the receipt by the Grantor of notice of the initiation of any proceeding or negotiations for the taking of the Property, or any part thereof, in condemnation or by the exercise of the power of eminent domain, the Grantor shall give notice thereof to the Beneficiary. The Beneficiary may appear in any such proceeding and participate in any such negotiations and may be represented therein by counsel of the Beneficiary's choice and whether or not the Beneficiary shall become a party to any such proceeding or negotiations, the Grantor shall promptly give to the Beneficiary copies of all notices, pleadings, judgments, determinations and other papers received by the Grantor therein. The Grantor shall not enter into any agreement consenting to or acquiescing in the taking of the Property, or any part thereof, by any governmental agency or instrumentality, or other person or legal entity authorized to acquire the same in condemnation or by eminent domain unless the Beneficiary shall have first consented thereto in writing.

13.2 Any award whether paid as a result of a negotiated settlement or judgment shall, subject in all instances to the rights of the Lessor under the Lease, be paid to the Beneficiary and shall be applied by it in accordance with the terms and provisions of the Indenture.

ARTICLE 14

Government Regulations

The Grantor shall promptly comply with all present and future laws, ordinances, rules, regulations, directives and other requirements of all governmental authorities whatsoever having jurisdiction over the Property or the use or occupation thereof; provided, however, that the Grantor may postpone such compliance (provided such non-compliance shall not (i) subject the Beneficiary to liability or criminal prosecution or any other penalty, (ii) jeopardize the safety or condition of the Property, or (iii) constitute a possible default by the Grantor under any lease, the Sublease or any other sublease, license, concession, occupancy or other tenancy agreement) if and so long as the validity or legality of any such governmental requirement shall be contested by the Grantor diligently and in good faith by appropriate legal proceedings and with counsel reasonably satisfactory to the Beneficiary, and so long as the Grantor shall at all times have deposited with the Beneficiary, or posted a bond reasonably satisfactory to the Beneficiary in, a sum equal to the liability, if any, in question with respect to such requirement (including the amount of any fine, penalty, further interest or cost that may become due thereon by reason of such contest).

ARTICLE 15

Transfer of Interest in Property, the Grantor, Etc.

15.1 Except as may otherwise be expressly permitted pursuant to Section 3.3 or 4.2, or 15.3 of this Deed of Trust, the Grantor shall not suffer or permit any sale, conveyance, mortgage, pledge, hypothecation, encumbrance, lease, assignment or other transfer of the Property or any portion thereof or any interest therein without in each instance obtaining the prior written consent of the Beneficiary.

15.2 If at any time the Grantor is not a natural person and except as may otherwise be expressly permitted herein, the Grantor shall not suffer or permit any sale, conveyance, mortgage, pledge, hypothecation, encumbrance, lease, assignment or other transfer of any interest in the Grantor (whether direct or indirect, by operation of law, transfer of stock, beneficial or partnership interest or otherwise) without in each instance obtaining the prior written consent of the Beneficiary; provided, however, notwithstanding anything to the contrary provided herein or in the Indenture, it is understood and agreed that (a) nothing contained herein or in the Indenture shall be construed to prohibit any transfers by reason of the death of any natural

person, and (b) interests in the Grantor may be transferred at any time or times between and among the Grantor's members, partners, shareholders or other investors and their Immediate Family Members. As used herein, the term "Immediate Family Members" shall mean and include all of the following: (a) lineal descendants, (b) spouses and their lineal descendants, (c) parents, step-parents and siblings and their respective lineal descendants, (d) spouses of all of the foregoing and their respective lineal descendants, and (e) trusts, corporations, partnerships, limited liability companies and other entities for the benefit of any and all of the foregoing; and the term "lineal descendants" shall include natural born, adopted and step-children and other lineal descendants.

15.3 After Chevron has commenced its business operations and begins the payment of Base Rent (as defined in the Sublease Agreement) pursuant to the Sublease, Grantor shall have the right to sell, convey, mortgage, pledge, hypothecate, encumbrance, lease, assign or otherwise transfer the Grantor's right, title or interest in the Property or any portion thereof or any interest therein with the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld, conditioned or delayed. In the event Grantor conveys, assigns and transfers all of its rights, title and interest in and to the Property as permitted hereunder and the transferee assumes in writing all of the Grantor's obligations and agreements arising from and after the date of closing under the Lease, the Sublease Agreement, this Deed of Trust and other Bond Documents, the Grantor shall be released and discharged from any and all liabilities, obligations and agreements arising and accruing on and after this date of closing under or by virtue of the Lease, the Sublease Agreement, this Deed of Trust and other Bond Documents. Grantor shall provide the Beneficiary with written notice of any such transfer pursuant to this Section 15.3 within five (5) days of such transfer taking effect.

ARTICLE 16

Impairment of Deed of Trust

16.1 The Grantor shall not do or suffer any act or thing to be done, or omit to do any act or thing, if such act or thing, or such forbearance or omission, would impair the security of the payment of the indebtedness secured hereby or the lien of this Deed of Trust.

ARTICLE 17

Collection Costs

17.1 The Grantor agrees, by execution hereof, to pay all reasonable costs, charges and expenses, including: (i) reasonable attorneys' fees and expenses, heretofore or hereafter incurred by the Beneficiary in connection with this Deed of Trust, the Indenture and the other Bond Documents and any amendments or supplements hereto or thereto, and any other documents executed herewith or pursuant hereto or any interpretation, enforcement or other question arising under any such document or in connection with the enforcement of the Beneficiary's rights hereunder or under the Indenture or the other Bond Documents in the event of a default hereunder or thereunder; (ii) reasonable fees and expenses of any architect, engineer or other professional retained by the Beneficiary pursuant to the terms of this Deed of Trust; and (iii) title examinations, title insurance premiums, insurance premiums, recording costs and all other reasonable costs, charges and expenses incurred in connection with the transactions contemplated hereby, whether or not such are incurred directly by and/or solely for the benefit of the Beneficiary.

17.2 Without limiting the generality of the foregoing, the Grantor further agrees that in the event that the indebtedness secured by this Deed of Trust, or any part thereof, is collected by suit or action, or this Deed of Trust be foreclosed, or in the event said indebtedness or Deed of Trust is put into the hands of an attorney for collection, suit, action or foreclosure, or in the event of the foreclosure of any deed of trust prior to or subsequent to this Deed of Trust, in which proceeding the Beneficiary is made a party, or in the event of the bankruptcy of the Grantor, or an assignment by the Grantor for the benefit of creditors, the Grantor, the

Grantor's successors or assigns, shall be chargeable with all costs of collection, including an amount as attorneys' fees not to exceed such maximum amount as may be permitted by law, including attorneys' fees for all appellate proceedings involved therein, which shall be due and payable at once; the payment of which charges and fees, together with all costs and expenses, shall be secured hereby, and may be recovered in any suit or action hereupon or hereunder.

17.3 The Grantor shall pay any stamp taxes or any fees imposed by any governmental authority with respect to the execution, recordation, assignment or discharge of this Deed of Trust, the Indenture or the other Bond Documents, or any other instrument executed and delivered or assigned to the Beneficiary in connection with this Deed of Trust or the indebtedness secured hereby.

ARTICLE 18

Events of Default

18.1 The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Deed of Trust:

18.1.1 The failure of the Grantor to pay any amounts under the Indenture and/or the Lese, when the same shall be due and payable and the continuance of such failure for a period of fifteen (15) days after receipt by Grantor of notice from the Landlord or Beneficiary specifying in detail the nature of such failure;

18.1.2 Any installment of interest when due under the Bonds, unless such failure to pay interest is cured within fifteen (15) days after receipt by Grantor from the Beneficiary specifying in detail the nature of such failure;

18.1.3 The entire outstanding principal of the Bonds, together with interest thereon, when due, whether at original maturity, upon acceleration or otherwise unless such failure to pay such principal is cured within fifteen (15) days after receipt by Grantor from the Beneficiary specifying in detail the nature of such failure; or

18.1.4 Any other amount payable under the Bonds, this Deed of Trust or any of the other Bond Documents to which the Grantor is a party or any supplement, modification or extension thereof, unless such failure is cured within the applicable notice and cure period, if any (or in the absence of any such notice and cure period, within fifteen (15) days).

18.2 There shall occur an event of default or a default by the Grantor which continues beyond the applicable grace or notice period, if any, under any of the other Bond Documents.

18.3 There shall occur an event of default or a default by the Grantor which continues beyond the applicable grace or notice period, if any, under the Lease.

18.4 The Grantor shall default in the due performance or observance of any term, covenant or agreement on the Grantor's part to be performed or observed pursuant to any of the provisions of this Deed of Trust and such default shall continue for a period of thirty (30) days after written notice thereof from the Beneficiary to the Grantor; provided, however, that if the curing of such default cannot be accomplished within said period of time, and if the Grantor commences to cure such default promptly after receipt of notice thereof from the Beneficiary, and thereafter prosecutes the curing of such default with reasonable diligence, such period of time shall be extended to a period of time necessary to cure such default with reasonable diligence.

18.5 The Grantor shall suspend or discontinue its business, or shall make an assignment for the benefit of creditors or a composition with creditors, shall be unable or admit in writing its or his inability to pay its or his debts as they mature, shall file a petition in bankruptcy, shall become insolvent (howsoever such insolvency may be evidenced), shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for the appointment of any receiver, liquidator or trustee of or for it or any substantial part of its property or assets, shall commence any proceedings under any bankruptcy, reorganization, arrangement, readjustment of debt, receivership, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or there shall be commenced against the Grantor any such proceeding which shall remain undismissed for a period of sixty (60) days or more, or any order, judgment or decree approving the petition in any such proceeding shall be entered; or the Grantor shall by any act or failure to act indicate its consent to, approval of or acquiescence in, any such proceeding or in the appointment of any receiver, liquidator or trustee of or for it or any substantial part of its property or assets, or shall suffer any such appointment to continue undischarged or unstayed for a period of sixty (60) days or more; or the Grantor shall take any action for the purpose of effecting any of the foregoing.

ARTICLE 19

Amendments, Waivers, Etc.

19.1 No change, amendment, modification, cancellation or discharge of this Deed of Trust, or any part hereof, shall be valid unless in writing and signed by the parties to be charged therewith or their respective successors and assigns.

19.2 No waiver, forbearance, extension of time or other indulgence shown by the Beneficiary to the Grantor or to any person now or hereafter interested herein or in the Property, the Indenture or any of the other Bond Documents with respect to any or any combination of conditions, covenants or agreements on the part of the Grantor to be performed or observed as set forth or referred to herein or in the Indenture or any of the other Bond Documents, shall affect the right of the Beneficiary thereafter to require performance or observance of the same or any other condition, covenant or agreement.

ARTICLE 20

Beneficiary Appointed Attorney

The Beneficiary shall be and is hereby authorized and empowered, for and in the name or names and on behalf of the Grantor and/or the Beneficiary, and shall be and is hereby irrevocably made, constituted and appointed the Grantor's true and lawful attorney in fact, coupled with an interest and with full power of substitution, delegation and revocation, to do the following:

20.1 In the event of foreclosure of this Deed of Trust or any transfer of title to the Property to a third-party purchaser pursuant to the powers hereinafter granted the Beneficiary, to surrender up the policies of insurance covering the Property and to collect any amounts due thereunder or, at the Beneficiary's option, to transfer the Beneficiary's right, title and interest in and to said policies and the proceeds thereof to any purchaser of the Property without obligation to account therefor to any person claiming title to the Property; provided, however, that any amounts received by the Beneficiary under said policies by way of refunds, dividends or otherwise, as aforesaid, shall be applied to the payment of the indebtedness secured hereby, and any surplus shall be paid over as a surplus on foreclosure;

20.2 In the event of the sale of the Property pursuant to the power of sale hereinafter granted, to sell, by and through the Trustee or otherwise, subject to this Deed of Trust, all parcels which comprise the Property, notwithstanding the fact that the proceeds of such sale may exceed the amount then secured hereby;

20.3 To cause the assignment to the Beneficiary of any lease, license, concession, occupancy or other tenancy agreement with respect to the Property which has not been so assigned by the Grantor after request therefor from the Beneficiary;

20.4 If at any time any portion of the Improvements or Personal Property shall be unprotected, unguarded, vacant or deserted, to employ, at the Beneficiary's option, watchmen for the Improvements and Personal Property and to expend any monies deemed by the Beneficiary necessary to protect the same from waste, depredation or injury; and the amount of monies expended for such purposes, with interest from the time of payment at the highest rate then prevailing under the terms of the Indenture for overdue payments of principal, shall be due from and payable by the Grantor to the Beneficiary on demand, shall be added to the indebtedness of the Grantor to the Beneficiary and shall be secured by this Deed of Trust;

20.5 In any action or other proceeding with respect to the Property in which the Beneficiary shall become a party or which may affect any rights of the Beneficiary hereunder with respect to the Property or the lien of this Deed of Trust thereon, to appear, prosecute, defend, intervene and retain counsel in such action or proceeding and to take such other and further action in connection therewith as the Beneficiary or the Beneficiary's successors or assigns shall deem advisable; and the costs thereof (including reasonable attorneys' fees and all applicable statutory costs, allowances and disbursements), with interest from the time of payment at the highest rate then prevailing under the Indenture for overdue payments of principal, shall be due from and payable by the Grantor to the Beneficiary on demand, shall be a lien on the Property, prior to any right or title to, interest in or claim upon the Property attaching or accruing subsequent to the lien of this Deed of Trust, shall be added to the indebtedness of the Grantor to the Beneficiary and shall be secured by this Deed of Trust; and

20.6 Upon the occurrence of any Event of Default hereunder, to seek the immediate appointment by any court of competent jurisdiction of a receiver for the Property and the business of the Grantor in connection therewith and of the rents and profits arising therefrom which receiver shall be entitled to immediate possession of the entire Property, whether or not occupied by the Grantor. The Beneficiary shall be entitled to the appointment of such a receiver as a matter of right without consideration of the value of the Property or other security for the amounts due the Beneficiary or the solvency of any person or corporation liable for the payment of such amounts. If the Grantor is then in possession of the Property or any portion thereof, the Grantor shall immediately, upon the appointment of such receiver, vacate the Property or such portion thereof, as the case may be, or pay a reasonable rental for the use thereof, during such receivership, to be agreed upon between said receiver and the Grantor or to be fixed by the court in which said receiver shall have been appointed; and the relationship between said receiver and the Grantor shall be that of landlord and tenant.

ARTICLE 21

Beneficiary's Rights Upon Default

21.1 Upon the occurrence of any Event of Default hereunder, the Beneficiary shall have the right, forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to exercise any and all rights and remedies granted to the Beneficiary under this Deed of Trust, the Indenture or any of the other Bond Documents or otherwise available to the Beneficiary at law or in equity, all of which rights and remedies shall be cumulative and not exclusive, and which shall include, without limitation, the following:

21.2 The Beneficiary shall have the right forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to declare the entire indebtedness of the Grantor under the Indenture immediately due and payable; and, in any such case, the prepayment premium, if any, which would have been applicable to a voluntary prepayment of the indebtedness at the time of such declaration by the Beneficiary shall be treated as part of the indebtedness secured hereby and added to and become a part of the principal thereof;

21.3 The Beneficiary shall have the right, forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, and without further notice or demand and without the commencement of any action to foreclose this Deed of Trust, to enter immediately upon and take possession of the Property without further consent or assignment by the Grantor, with the right to lease the Property, or any part thereof, and to collect and receive all of the rents, issues and profits, and all other amounts past due, due or to become due to the Grantor by reason of the Grantor's ownership of the Property, and to apply the same, after the payment of all necessary charges and expenses in connection with the operation of the Property (including any managing agent's commission, at the option of the Beneficiary), on account of interest and principal amortization under the Indenture, taxes, payments in lieu of taxes, water and sewer charges, assessments and insurance premiums with respect to the Property, and any advance made by the Beneficiary for improvements, alterations or repairs to the Property or on account of any other indebtedness hereby secured. The Grantor hereby irrevocably appoints the Beneficiary as the Grantor's attorney-in-fact to institute summary proceedings against any tenant, licensee, concessionaire or other occupant of any portion of the Property who shall fail to comply with the provisions of any covenant, agreement or condition applicable to the possession or occupancy of the Property by such tenant, licensee, concessionaire or other occupant. If the Grantor or any other person claiming by, through or under the Grantor is occupying all or any part of the Property, it is hereby agreed that the Grantor and each such other person shall, at the option of the Beneficiary, either immediately surrender possession of the Property to the Beneficiary and vacate the part of the Property so occupied or pay a reasonable rental for the use thereof, monthly in advance, to the Beneficiary; and

21.4 The Beneficiary shall have the right forthwith, at the Beneficiary's election, by and through the Trustee or otherwise, to sell or offer for sale the Property in such portions, order and parcels as the Beneficiary may determine, with or without having first taken possession of same, at public auction for cash or cash equivalent, including, without limitation, for certified checks, bank drafts, wire transfer funds, cashier checks and any other method of payment which, in the sole discretion of the Beneficiary, is "cash equivalent", to the highest and best bidder during legal hours, at any front door of the county courthouse of the county in which the Land is situated after having advertised and given notice of said sale, giving the time, place and terms thereof, together with a description of the Land according to the laws of the State of Mississippi governing sales of land under deeds of trust in force at the time the publication of said notice has begun. If the Land is situated in two or more counties or in two judicial districts of the same county, then the Trustee shall have power, in case the Trustee is directed to foreclose under this Deed of Trust, to select in which county, or judicial district, the sale of all the Property shall be made, and the selection shall be binding upon the Grantor and the Beneficiary and all persons claiming through or under them, whether by contract or by law. The Trustee shall have full power to fix the day, time and place of sale, and may sell the Property in parcels or as a whole as the Trustee may deem best. The Trustee shall have full power to conduct any sale through an agent appointed by the Trustee for the purpose, but said appointment of agent need not be recorded. At any such sale: (i) the Trustee shall not be required to have physically present, or to have constructive possession of, the Property (the Grantor hereby covenanting and agreeing to deliver to the Trustee any portion of the Property not actually or constructively possessed by the Trustee immediately upon demand by the Trustee) and the title to and right of possession of any such Property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale; (ii) the Trustee may, from time to time, adjourn said sale to a later date without readvertising, by giving notice of the time and place of such continued sale at the time when and where the Trustee shall make such adjournment; (iii) each and every recital contained in any instrument of conveyance made by the Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the indebtedness secured by this Deed of Trust, advertisement and conduct of such sale in the manner provided herein and otherwise by law and by appointment of any successor Trustee hereunder; (iv) any and all prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (v) the receipt of the Trustee or of such other party making the sale shall be a sufficient discharge to the purchaser for its or his purchase money and no such purchaser, or its or his assigns, successors or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; (vi) the Grantor shall be completely and irrevocably divested of all of the Grantor's right, title, interest, claim and demand whatsoever,

either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against the Grantor, and against any and all other persons claiming or to claim the Property sold or any part thereof; (vii) the Beneficiary may be a purchaser at any such sale; and (viii) the Trustee, in the Beneficiary's own name or as the attorney of the Grantor (the Trustee being for that purpose by this Deed of Trust duly and irrevocably authorized and appointed as the Grantor's agent and attorney in fact, coupled with an interest and with full power of substitution, delegation and revocation) to make, execute, acknowledge and deliver to the purchaser or purchasers thereof a good and sufficient deed or deeds of the Property in fee simple and to receive the proceeds of such sale or sales.

The Grantor waives the provisions of Section 89-1-55 of the Mississippi Code of 1972, or laws amendatory thereof, if any, so far as the same restricts the right of the Trustee to offer at sale more than one hundred sixty (160) acres at a time, and the Trustee may offer the Land as a whole, regardless of the manner in which the Land may be described.

Should the Property be sold in one or more parcels as permitted herein, the right of sale arising out of any Event of Default shall not be exhausted by any one or more such sales, but other and successive sales may be made until all of the Property has been sold or until the indebtedness secured by this Deed of Trust has fully satisfied.

The Grantor hereby irrevocably and unconditionally waives and releases: (i) all benefits that might accrue to the Grantor by virtue of any present or future law exempting the Property from attachment, levy or sale or execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (ii) all notices of any Event of Default or of the Trustee's exercise of any right, remedy or recourse provided for hereunder or under any of the other Bond Documents; and (iii) any right to a marshaling of assets or a sale in inverse order of alienation.

21.5 In case the Beneficiary or the Trustee, on behalf of the Beneficiary, shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under any of the other Bond Documents and shall thereafter elect to discontinue or abandon same for any reason, the Beneficiary or the Trustee, on behalf of the Beneficiary, as applicable, shall have the unqualified right so to do and, in such event, the Grantor, the Beneficiary and the Trustee shall be restored to their former positions with respect to the indebtedness secured hereby, this Deed of Trust, the Bond Documents, the Property and otherwise, and the rights, remedies, recourses and powers of the Beneficiary and the Trustee, on behalf of the Beneficiary, shall continue as if same had never been invoked.

ARTICLE 22

Beneficiary's Rights to Release and Negotiate

22.1 Without affecting the liability of the Grantor, or any other person (except any person expressly released in writing), for payment of the indebtedness hereby secured or for the performance of any obligations set forth or referred to in this Deed of Trust, the Indenture or any of the other Bond Documents, and without affecting any lien or other security not expressly released in writing, the Beneficiary at any time, and from time to time, either before or after maturity of the Indenture, and without notice or consent, may:

22.1.1 Release any person liable for payment of said indebtedness, or for the performance of any of said obligations;

22.1.2 Make any agreement extending the time, or otherwise altering the terms of payment of said indebtedness, or modifying or waiving any of said obligations, or subordinating, modifying or otherwise dealing with the lien securing payment of the Indenture;

22.1.3 Exercise or refrain from exercising or waive any right the Beneficiary may have;

22.1.4 Accept additional security of any kind; or

22.1.5 Release or otherwise deal with any property, real or personal, securing said indebtedness, including all or any part of the Property.

22.2 In the event that the Grantor shall, with or without the consent of the Beneficiary, transfer or convey the Grantor's interest in the Property, or suffer or permit any such transfer or conveyance, to a third party or parties, whether or not in compliance with this Deed of Trust, the Beneficiary may, without notice to the Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and the indebtedness secured hereby, either by way of forbearance on the part of the Beneficiary or extension of the time of payment of the indebtedness or any sum hereby secured, without in any way modifying or affecting the transfer or conveyance under this Deed of Trust or the original liability of the Grantor for the indebtedness secured hereby, either in whole or in part. Nothing in this Section, however, shall be deemed to render unnecessary the consent of the Beneficiary to any such transfer or conveyance, as required hereunder, and no action taken by the Beneficiary pursuant to this Section shall be deemed to be a consent to any such transfer or conveyance.

22.3 Except as otherwise specifically provided herein or in the Indenture, all payments on the indebtedness hereby secured, and all proceeds from foreclosure sales, shall be applied first to the satisfaction of all unpaid and accrued liabilities arising from or relating to the sale, ownership or operation of the Property.

ARTICLE 23

Protection of Security

23.1 At any time and from time to time until payment of the indebtedness secured hereby and upon request of the Beneficiary, the Grantor will promptly execute, notarize and deliver to the Beneficiary such additional instruments as the Beneficiary may reasonably require to evidence further the lien of this Deed of Trust and to protect further the security position of the Beneficiary with respect to the property subject to this Deed of Trust, including, without limitation, additional chattel mortgages, security agreements, financing statements, continuation statements and the like, covering items of personal property, replacements thereof and additions thereto.

ARTICLE 24

The Grantor to Surrender Possession

In the event of any sale of the Property under the provisions hereof, the Grantor shall forthwith surrender possession thereof to the purchaser; subject, however, to the rights of the Subtenant under the Sublease. Upon failure to do so, the Grantor shall thereupon be a tenant at sufferance of such purchaser, and upon the Grantor's failure to surrender possession of the Property upon demand, such purchaser, his heirs or assigns, shall be entitled to institute and maintain an appropriate action for possession of the Property.

ARTICLE 25

Improvements and Personal Property Subject Hereto

As between the parties hereto and all others except holders of prior liens, it is agreed that all additions to the Improvements, including all machinery, equipment and fixtures useful in the operation and management of the Property regardless of the manner in which they are attached to the Improvements, are a part of the Land (or shall become a part thereof if hereafter placed thereon), and are, or shall be upon affixation, subject

to the lien hereof. This provision shall be cumulative and not exclusive. This provision shall not apply to items installed by a tenant which remain the property of the tenant pursuant to the terms of such tenant's lease.

ARTICLE 26

Preservation of Easements and Licenses

The Grantor shall maintain, preserve and renew all rights of way, easements, grants, privileges, licenses and franchises necessary for the use of the Property from time to time and will not, without the prior consent of the Beneficiary, initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Property. The Grantor shall, however, comply with all restrictive covenants which may at any time affect the Property, and all zoning ordinances and other public or private restrictions as to the use of the Property.

ARTICLE 27

Certain Environmental Matters

27.1 To the best of Grantor's knowledge, except in compliance in all material respects with all applicable Federal, state and local statutes, laws, ordinances, rules, regulations and common law now or hereafter in effect, and all amendments thereto, relating to the protection of human health vis-a-vis any "Hazardous Material" (hereinafter defined) or the environment (collectively, "Environmental Requirements"), the Grantor has not caused, permitted or suffered and shall not cause, permit or suffer any Hazardous Material (as hereinafter defined) to be brought upon, treated, kept, stored, transported, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Property or any portion thereof by the Grantor, its agents, employees, contractors, tenants, invitees or any other person under the control or direction of Grantor. The Beneficiary by accepting this Deed of Trust, acknowledges that the Grantor has provided the Beneficiary with, and that the Beneficiary has reviewed and accepted A Final Engineering Report On A Phase I Environmental Site Assessment of Future Site of Chevron Aviation Maintenance Facility, Runway Road, Picayune, Mississippi, prepared by Environmental Management Services, Inc. on April 12, 2001, with respect to the current environmental condition of the Property.

27.2 The Grantor shall not cause, permit or suffer the existence of or commission by the Grantor, its agents, employees, contractors, tenants, invitees or any other person of a material violation of any Environmental Requirements upon, about or beneath the Property or any portion thereof. To the best of Grantor's knowledge, the Grantor and the Property, and the current and/or proposed use of the Property, are, and at all times will continue to be, in compliance with all Environmental Requirements.

27.3 The Grantor agrees promptly: (i) to notify the Beneficiary in writing of any change in the nature, extent or methodology relating to any Hazardous Materials maintained on or with respect to the Property, (ii) to deliver to the Beneficiary within ten (10) days of the Grantor's receipt thereof copies of any citations, orders, notices or other material governmental communications received with respect to Hazardous Materials upon, about or beneath the Property, (iii) to observe and comply with any and all Environmental Requirements relating to the use, maintenance, treatment, storage, transportation, generation and disposal of Hazardous Materials, (iv) to pay, perform or otherwise satisfy any fine, charge, penalty, fee, damage, order, judgement, decree or imposition related thereto which, if unpaid or unfulfilled, would constitute a lien on the Property, unless (A) the validity thereof shall be contested by the Grantor diligently and in good faith by appropriate proceedings and with counsel reasonably satisfactory to the Beneficiary and (B) so long as the Grantor shall have at all times deposited with the Beneficiary, or posted a bond satisfactory to the Beneficiary in, a sum equal to the amount necessary (in the reasonable discretion of the Beneficiary) to comply with such order or directive, including, but not limited to, the amount of any fine, penalty, interest or cost that may become due thereon by reason of or during such contest, (v) to take all appropriate response actions, including any removal or remedial actions, in the event of a release, emission, discharge or disposal of any

Hazardous Materials in, on, under or from the Property necessary in order for the Property to be or remain in compliance with all Environmental Requirements, (vi) upon the request of the Beneficiary, to permit the Beneficiary, including its officers, agents, employees, contractors and representatives, to enter and inspect the Property for purposes of conducting an environmental assessment, and (vii) if the Beneficiary has reason to believe, in good faith, that the Grantor has not complied in all material respects with the requirements of Sections 27.1, 27.2 and 27.3, then, upon the request of the Beneficiary, and at the Grantor's expense, to cause to be prepared for the Property such site assessment reports, including, but not limited to, engineering studies, historical review and testing, as may be reasonably requested from time to time by the Beneficiary.

27.4 If the Grantor shall fail, in any manner, to comply with Sections 30.1 through 30.3 above, the Beneficiary may take (but shall not be obligated to), upon ten (10) days written notice to the Grantor (or upon such lesser notice, or without notice, if the Beneficiary deems that the same is required to protect the Beneficiary's interest in the Property), any action which the Beneficiary shall deem necessary or desirable to cause the Property and the use thereof to comply with any Environmental Requirements if, the failure to comply with such Environmental Requirements, could, in the Beneficiary's sole discretion, have a material adverse effect on the Property or otherwise jeopardize the Beneficiary's lien on or interest in the Property created by this Deed of Trust. The Beneficiary may expend such sums of money as reasonable and necessary for any such purpose, and the Grantor hereby agrees to pay to the Beneficiary, immediately upon demand, all sums so expended by the Beneficiary, together with interest thereon from the date of payment at the highest rate then prevailing under the terms of the Indenture for overdue payments of principal, until so paid by the Grantor, all sums so expended by the Beneficiary, and interest thereon, shall be added to and secured by the lien of this Deed of Trust.

27.5 The Grantor agrees to indemnify, defend, and reimburse and does hereby hold harmless the Beneficiary, and its officers, directors, agents, shareholders, employees, contractors, representatives, successors and assigns, from and against any and all claims, judgements, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs and expenses of investigation and defense of any claim, of whatever kind or nature, including, without limitation, reasonable attorneys' fees and consultants' fees arising from the presence of Hazardous Materials upon, about or beneath the Property or migrating to and from the Property or arising in any other manner whatsoever out of the violation of any Environmental Requirements pertaining to the Property and the activities thereon, or arising from the breach of any covenant or representation of the Grantor contained in this Deed of Trust. The Grantor's obligations under this Section shall survive any foreclosure of the Property or repayment or extinguishment of the Grantor's indebtedness to the Beneficiary.

27.6 The provisions of this Article 27 are in addition to and supplement any other representations, warranties, covenants and other provisions contained in any documents or instruments evidencing or securing the indebtedness secured hereby.

27.7 For purposes of this Deed of Trust, "Hazardous Material" shall mean any substance:

(i) The presence of which requires investigation, removal, remediation or any form of clean-up under any Federal, state or local statute, regulation, ordinance, order, action, policy or common law currently in effect or in effect in the future, with any amendments thereto; or

(ii) Which is or becomes defined as a "hazardous waste," "hazardous substance," "pollutant" or "contaminant" under any Federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.); or

(iii) Which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is regulated presently or in the future by any governmental authority,

agency, department, commission, board, agency or instrumentality of the United States, the State of Mississippi or any political subdivision thereof; or

(iv) The presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Property; or

(v) The presence of which on adjacent properties could constitute a trespass by the Grantor; or

(vi) Which contains, without limitation, gasoline, diesel fuel or the constituents thereof, or other petroleum hydrocarbons; or

(vii) Which contains, without limitation, polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) Which contains, without limitation, radon, gas; or

(ix) Which contains, without limitation, radioactive materials or isotopes.

ARTICLE 28

Invalidity of Provisions

28.1 All agreements between the Grantor and the Beneficiary contained herein are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Indenture, or otherwise, shall the amount paid or agreed to be paid to the Beneficiary for the use, forbearance or detention of the principal amount evidenced by the Indenture and secured by this Deed of Trust exceed the maximum permissible under applicable law the benefit of which may be asserted by the Grantor as a defense, and if, from any circumstances whatsoever, fulfillment of any provision of the Indenture and this Deed of Trust, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, or if from any circumstances the Beneficiary should ever receive as interest under the Indenture, this Deed of Trust or any of the other Bond Documents such an excessive amount, then, ipso facto, the amount which would be excessive interest shall be applied to the reduction of the principal balance as evidenced by the Indenture and secured by this Deed of Trust and not to the payment of interest. This provision shall control every other provision of all agreements between the Grantor and the Beneficiary.

28.2 In case any one or more of the provisions contained in the Indenture or in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof or thereof, but each shall be construed as if such invalid, illegal or unenforceable provision had never been included.

ARTICLE 29

Assignment

29.1 The Beneficiary may assign all or any portion of the Beneficiary's rights under this Deed of Trust, and in the event of such assignment the Grantor shall accord full recognition thereto.

ARTICLE 30

Notices

30.1 All notices, requests, demands, consents or other communications given hereunder or in connection herewith shall be in writing, shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery or expedited delivery service, with delivery charges prepaid and with acknowledged receipt of delivery, shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed to the party to receive such notice at the following applicable address:

If to the Grantor, to:

Magnolia Air I, LLC
606 Clay Street
Montgomery, AL 36104
Attention: Raymond L. Roton and Joseph F. Bear, III

If to the Beneficiary, to:

_____
_____
_____

If to the Trustee, to:

Trustmark National Bank
248 E. Capitol Street
Jackson, Mississippi 39201
Attention: Sheila Johnson

Any party may, by notice given as aforesaid, change such party's address for all subsequent notices. Each notice by or on behalf of the Beneficiary herein named shall be deemed sufficient if signed by any one of the Beneficiary's officers or by the Beneficiary's counsel and if otherwise given or made in compliance with this Section.

ARTICLE 31

General Provisions

31.1 The Grantor hereby waives and renounces all homestead exemption rights provided for by the Constitution and laws of the United States or the State of Mississippi, in and to the Property as against the collection of the indebtedness secured herein, or any part thereof; and the Grantor agrees that where, by the terms of this Deed of Trust or the Indenture, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the time stated enters into the consideration and is of the essence of the whole contract.

31.2 The captions in this Deed of Trust are for convenience and reference only and do not define, limit or describe the scope of the provisions hereof.

31.3 This Deed of Trust shall inure to the benefit of and bind (i) the successors and assigns of the Beneficiary and (ii) the heirs, administrators, executors, successors and assigns of the Grantor, as if all the aforesaid were herein mentioned whenever the parties hereto are referred to. This instrument shall be so construed that, whenever applicable with reference to any of the parties hereto, the use of the singular number shall include the plural number, the use of the neuter gender with respect to the Grantor shall include the

masculine and feminine gender, and shall likewise be so construed as applicable to and including a corporation or corporations or any other entity that may be a party or parties hereto.

31.4 This Deed of Trust and each of the other Bond Documents shall be interpreted, construed, applied and enforced in accordance with the laws of the State of Mississippi, regardless of (i) where any such document is executed or delivered, (ii) where any payment or other performance required by such document is made or required to be made, (iii) where any breach of any provision of any such document occurs or any cause of action otherwise accrues, (iv) where any action or other proceeding is instituted or pending, (v) the nationality, citizenship, domicile, principal place of business, jurisdiction of organization or domestication of any party, (vi) whether the laws of the forum jurisdiction otherwise would apply the laws of a jurisdiction other than the State of Mississippi, or (vii) any combination of the foregoing. Notwithstanding the foregoing, the laws of the jurisdiction where any of the Property or any of the Collateral is situated or otherwise has a situs will apply to the perfection, disposition and realization upon the Property and the Collateral, as applicable.

31.5 The Grantor, the Beneficiary and the Trustee hereby irrevocably consent (i) to the jurisdiction of the Courts of Pearl River County, Mississippi, and of any Federal Court located in the Southern District of Mississippi, Southern Division, and agree that venue in each of such Court is proper in connection with any action or proceeding arising out of or relating to this Deed of Trust, the Indenture, the other Bond Documents or any document or instrument delivered pursuant to this Deed of Trust, the Indenture or the other Bond Documents, and (ii) to the service of process by certified mail, return receipt requested. Nothing herein shall affect the right of the Grantor, the Beneficiary or the Trustee to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any party in any other jurisdiction.

31.6 By acceptance hereof, the Beneficiary hereby agrees that, except as otherwise set forth in the next succeeding sentences of this Section, neither the Grantor nor any member of the Grantor, nor any of their respective successors and assigns, shall have personal liability, directly or indirectly, under the Indenture, this Deed of Trust or any of the other Bond Documents and, if any proceeding shall be brought to enforce the provisions of the Indenture, this Deed of Trust or any of the other Bond Documents, the Beneficiary shall not be entitled to take any action to procure any money judgment against the Grantor or any member of the Grantor, or against any of their respective successors and assigns, and the Beneficiary shall have recourse hereunder only against the Property, against such additional security as may be furnished by or on behalf of the Grantor in connection herewith and against any and all other assets of the Grantor.

31.7 This Deed of Trust shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the indebtedness secured hereby is rescinded or otherwise must be returned by the Trustee or the Beneficiary upon the insolvency, bankruptcy or reorganization of the Grantor, any guarantor or otherwise, all as though such payment had not been made.

31.8 If both the Lessor's and the Grantor's estates under the Lease or any portion thereof which constitutes a part of the Property shall at any time become vested in one owner, this Deed of Trust and the lien and the estate created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, the Beneficiary shall continue to have and enjoy all of the rights and privileges of the Beneficiary as to the separate estates. In addition, upon the foreclosure of this Deed of Trust, the Lease shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless the Beneficiary or any purchaser at any such foreclosure sale shall so elect.

ARTICLE 32

The Trustee

The following provisions shall govern with respect to the Trustee:

32.1 The Trustee shall not be liable for any error of judgment or act done by the Trustee in good faith, or be otherwise responsible or accountable to the Grantor under any circumstances whatsoever, nor shall the Trustee be personally liable in case of entry by the Trustee, or anyone entering by virtue of the powers herein granted, upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Trustee hereunder, believed by the Trustee in good faith to be genuine. The Trustee shall be entitled to reimbursement for reasonable expenses incurred by the Trustee in the performance of the Trustee's duties hereunder and to reasonable compensation for such of the Trustee's services hereunder as shall be rendered. The Beneficiary will, from time to time, pay the compensation due to the Trustee hereunder and reimburse the Trustee for, and save the Trustee harmless against, any and all liability and expenses which may be incurred by the Trustee in the performance of the Trustee's duties.

32.2 All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and the Trustee shall be under no liability for interest on any money received by the Trustee hereunder.

32.3 The Trustee may resign at any time with or without notice. If the Trustee shall die, resign or become disqualified from acting in the execution of this trust or shall fail or refuse to execute the same when requested by the Beneficiary so to do, or if, for any reason, the Beneficiary shall prefer to appoint a substitute trustee to act instead of the aforenamed Trustee, the Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estates, rights, powers and duties of the aforenamed Trustee. If the Beneficiary is a corporation, such appointment may be made by any one of the Beneficiary's officers or agents.

32.4 Any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein, but nevertheless, upon the written request of the Beneficiary or of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and money held by such Trustee to the successor Trustee so appointed in its or his place.

[This space left intentionally blank]

IN WITNESS WHEREOF, the Grantor has caused this Deed of Trust to be duly executed as of the ____ day of October, 2001.

MAGNOLIA AIR I, LLC

By:_____
JODY BEAR, Member

EXHIBIT A

Legal Description

See attached.

EXHIBIT "A"

A. LEGAL DESCRIPTION OF THE LAND (Section 5.1(a) of Lease):

A partition from a tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said partition being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary 720.00 feet; thence run along the boundary of the parent tract through the following courses: run North for 810.00 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence along the forty line S00°03'13"W for 120.60 feet; thence run East 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 270.04 feet to the Point of Beginning. Thence run S89°54'30"E for 460.00 feet; thence run S00°02'20"W 660.40 feet; thence run N89°54'30"W 460.00 feet; thence run N00°02'20"E for 660.40 feet back to the Point of Beginning. Said parcel contains 6.97 acres, more or less, and is located in the SE ¼ of the NW ¼ and in the NE ¼ of the SW ¼ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, bearings herein are based on a Solar Observation.

B. LEGAL DESCRIPTION OF EASEMENT FOR RUNWAY ROAD (Section 5.1(c)(i) of Lease):

Easement No. 2 for ingress and egress along Runway Road attached to the aforementioned lease parcel, also being an easement from the parent tract of land described in Deed Book 659, Page 336, recorded in the Chancery Clerk's Office of Pearl River County, Mississippi, said easement being more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet to the Point of Beginning of the following described easement: thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet; thence run along the forty line S00°03'13"W for 120.60 feet; thence run East for 400.00 feet to an iron pin; thence leaving said parent tract boundary run S89°54'30"E for 2875.96 feet back to the Point of Beginning. Said easement contains 12.10 acres, more or less, and is located in the North ½ of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

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Easement No. 1 for ingress and egress along Runway Road described as follows:

Commencing at the Southeast corner of the Northeast Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi, said point being on the boundary line between Pearl River and Hancock Counties, and also being on the North boundary of the NASA Buffer Zone; thence West along said boundary for 720.00 feet; thence run along the boundary of the parent tract North for 555.48 feet; thence continue along the boundary of the parent tract through the following courses: run North for 254.52 feet; thence run West for 1000.00 feet; thence run South for 133.04 feet; thence run N89°54'30"W for 2276.36 feet to the Point of Beginning; thence run along the forty line S00°03'13"W for 120.60 feet; thence run N71°35'06"W for 167.68 feet; thence run N83°43'22"W for 71.08 feet; thence run around a curve to the left having a delta of 18°50'07", a radius of 911.24 feet, an arc length of 299.56 feet, a chord bearing of S86°51'35"W and a chord distance of 298.21 feet; thence run S77°26'31"W for 316.47 feet; thence run around a curve to the right having a delta of 06°52'53", a radius of 2604.06 feet, an arc length of 312.76 feet, a chord bearing of S80°52'58"W and a chord distance of 312.57 feet; thence run S84°19'24"W for 142.06 feet; thence run around a curve to the left having a delta of 14°05'47", a radius of 721.82 feet, an arc length of 177.59 feet, a chord bearing of S77°16'31"W and a chord distance of 177.14 feet; thence run S70°13'37"W for 188.34 feet; thence run around a curve to the right having a delta of 30°58'05", a radius of 221.65 feet, an arc length of 119.80 feet, a chord bearing of S85°42'40"W and a chord distance of 118.35 feet to the Right-Of-Way of Ridge Road (a Public Road); thence run along said Right-Of-Way N15°57'02"E for 120.91 feet; thence turn right and run along a non-tangential curve to the left having a delta of 25°18'32", a radius of 101.65 feet, an arc length of 44.90 feet, a chord bearing of N82°52'54"E and a chord distance of 44.54 feet; thence run N70°13'37"E for 188.34 feet; thence run around a curve to the right having a delta of 14°05'47", a radius of 841.82 feet, an arc length of 207.11 feet, a chord bearing of N77°16'31"E and a chord distance of 206.59 feet; thence run N84°19'24"E for 142.06 feet; thence run around a curve to the left having a delta of 06°52'53", a radius of 2484.06 feet, an arc length of 298.34 feet, a chord bearing of N80°52'58"E and a chord distance of 298.17 feet; thence run N77°26'31"E for 316.47 feet; thence run around a curve to the right having a delta of 18°50'07", a radius of 1031.24 feet, an arc length of 339.01 feet, a chord bearing of N86°51'35"E and a chord distance of 337.48 feet; thence run S83°43'22"E for 57.49 feet; thence run S71°35'06"E for 168.21 feet back to the point of beginning. Said Easement contains 4.88 acres, more or less, and is located in the North ½ of Section 25 and in the SE1/4 of the NE ¼ of Section 26, Township 6 South, Range 17 West, Pearl River County, Mississippi.

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EXHIBIT B

List of Permitted Exceptions

See attached list.

EXHIBIT B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Rights or claims of parties in possession not shown by the public records.

2. Easements, or claims of easements, not shown by the public records.

3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or *inspection of the premises.*

4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

5. Any adverse claim to any portion of said land which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.

6. Taxes or special assessments which are not shown as existing liens by public records.

7. Any prior reservation or conveyance, together with release of damages of minerals of every kind and character, including but not limited to, oil, gas, sand, clay, and gravel, in, on or under the subject land. This policy insures against loss or damage which the insured may sustain through the use of the surface of the insured premises and/or by reason of damage to improvements constructed or to be constructed on the insured premises not consented to by the insured.

8. General and special taxes or assessments for 2001 and subsequent years not yet due and payable.

NOTE: Items 1 - 6 are hereby deleted.

9. The Company does not insure the quantity of square footage or acreage of the subject property.

10. Buffer Zone Easement to United States of America dated September 28, 1964, and recorded in Book 170 at Page 544. This policy insures that (i) based upon the ALTA/ACSM Land Title Survey prepared by James Lee Mock dated May 10, 2001, the Buffer Zone Easement is limited to the area shown thereon; (ii) that the terms and conditions of said Buffer Zone Easement have not been violated and will not be violated by the construction of the building and related improvements on the insured premises in accordance with the site plan attached as Exhibit B to the insured lease, and (iii) that a future violation of the Buffer Zone easement will not result in a reversion or forfeiture of title to the insured premises or the leasehold estate.

11. Terms and conditions of that certain Lease Agreement by and between the City of Picayune, Mississippi and Magnolia Air I, LLC dated March 29, 2001 and recorded in Book 767 at Page 409.

NOTE: Pending commencement of the construction of the contemplated improvements on the leasehold land being insured, coverage under this policy is limited to the purchase price paid for the property. As improvements are completed, coverage shall increase in an amount equal to the cost of said improvements, provided title must be continued down to such time for possible liens or objections intervening between the date hereof and the date of such expenditure, with total liability being limited to the amount of this policy.

Terms and conditions of that certain unrecorded Sublease Agreement by and between Magnolia Air I, LLC, as Landlord and Chevron U.S.A., Inc. as Tenant, dated May 24, 2001.

RECESSED MEETING DATED OCTOBER 16, 2001

STATE OF MISSISSIPPI

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said County and State, on this _____ day of _____, 2001, within my jurisdiction, the within named, JODY BEAR, who acknowledged to me that he is a member of Magnolia Air I, LLC, a Mississippi member-managed limited liability company, and that for and on behalf of said limited liability company, and as the act and deed of said corporation as member of said limited liability company, and as the act and deed of said limited liability company, he executed the above and foregoing instrument, after first having been duly authorized by said corporation and said limited liability company so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____
[AFFIX NOTARIAL SEAL]

EXHIBIT F

Form of Attornment Agreement

Prepared by:
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
Attn.: Elizabeth Thomas, MS Bar No. 99403
17th Floor, AmSouth Plaza
Post Office Box 22567
Jackson, Mississippi 39225-2567

To the Chancery Clerk of Pearl River County, Mississippi: The real property described herein is situated in the NW and SW Quarter of Section 25, Township 6 South, Range 17 West, Pearl River County, Mississippi.

ATTORNMENT AGREEMENT

THIS ATTORNMENT AGREEMENT is made this _____ day of _____, 2001, by and between the **CITY OF PICAYUNE, MISSISSIPPI**, a municipal corporation organized and existing under the laws of the State of Mississippi (the "City"); **MAGNOLIA AIR I, LLC**, a Mississippi limited liability company (the "Tenant"); and **CHEVRON, U.S.A., Inc.**, a Pennsylvania corporation (the "Subtenant").

RECITALS:

A. By the Lease Agreement dated March 29, 2001, and recorded in the Office of the Chancery Clerk of Pearl River County, Mississippi in Book 767 at page 409 as amended by the Amended and Restated Lease Agreement dated as of October 1, 2001 (said Lease Agreement as so amended and restated is hereinafter referred to as the "Prime Lease"), the City heretofore leased unto Tenant certain real property situated in Pearl River County, Mississippi, as more particularly described in the Prime Lease and in Exhibit A attached hereto and made a part hereof as though set forth in full herein (the "Premises"), for the term and upon and subject to the terms and conditions set forth in said Prime Lease.

B. The City is the owner in fee simple of the Premises leased under the terms of the Prime Lease, together with the landlord's interest in and to the Prime Lease, and has full power and authority to execute and deliver this Agreement.

C. By sublease agreement (the "Sublease") dated as of May 24, 2001, Tenant, as sublandlord, has leased and demised to Subtenant, as subtenant, the Premises together with the buildings and improvements to be constructed thereon, for the term and upon and subject to the terms and conditions as more particularly set forth in the Sublease.

D. A copy of the Sublease has been exhibited to the City and the City has agreed to consent to the Sublease and to approve the terms, covenants and conditions thereof, and the City and Subtenant are willing to agree that the Sublease (subject to the provisions of Sections 5 and 6 hereof) shall remain in full force and effect in the event of the termination of the Prime Lease.

NOW, THEREFORE, in consideration of the premises, the parties hereto mutually covenant and agree as follows:

1. The City consents to the execution and delivery of Sublease by and between Tenant, as sublandlord, and Subtenant, as subtenant.

2. The City agrees that no act which either Tenant or Subtenant (or both) is or may be required or permitted to do under the terms of the Sublease shall constitute a default under the Prime Lease.

3. Tenant and Subtenant each agrees with the City that it will perform and comply with all of the terms, covenants and conditions of the Sublease which are now or hereafter binding upon it, respectively, and Subtenant agrees that it will not prepay, and Tenant agrees that it will not accept, any payments of base or minimum rent more than thirty (30) days in advance (except and only to the extent

as may be required or permitted under the Sublease in the event of a default by Subtenant or a termination of the Sublease in accordance with the terms and provisions thereof).

4. In the event that the Prime Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City and Subtenant agree that the Sublease shall remain in full force and effect in accordance with its terms and provisions as a direct lease between the City, as landlord, and Subtenant, as tenant, with the same force and effect as if the City had originally entered into such Sublease as Landlord thereunder (subject, however, to the prior rights of the holder of any "Mortgage," as said term is defined in the Prime Lease), and thereafter this Agreement shall be of no further force and effect (except that the provisions of Section 5 of this Agreement shall be and remain in full force and effect and the Sublease shall be deemed to have been amended as provided in Section 5 hereof). The City further agrees that the Subtenant shall not be joined in any action or proceeding by the City to recover possession of the Premises or for other relief.

5. Notwithstanding anything to the contrary provided herein or in the Sublease, in the event the Prime Lease expires or is terminated, canceled or rejected by reason of default, bankruptcy, insolvency, receivership or for any other reason whatsoever at any time prior to the expiration, cancellation or other termination of the Sublease, then and in such event the City covenants and agrees with Subtenant that the City shall continue to satisfy and perform all of its covenants, obligations, agreements and services under and pursuant to Sections 5.1(c) and 5.4 and Articles VIII, IX and XIII of the Prime Lease, and the City shall continue to have the use and benefit of the "Landlord's Reserved Easements" under Section 5.3 of the Prime Lease, all upon and subject to the terms and conditions as more particularly set forth in said Sections and Articles of the Prime Lease, and the City and Subtenant agree that the terms and provisions of said Sections and Articles of the Prime Lease shall be incorporated into the Sublease as additional covenants thereunder. The terms and provisions of this Section 5 shall survive the expiration, cancellation or other termination of the Prime Lease and of this Agreement and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Any notices respecting provisions of this Agreement or of the Prime Lease or Sublease (other than requests by a party for approvals or instructions from any other party, and any such approvals or instructions given by a party to the other, under and pursuant to Section 24.3 of the Sublease) shall be in writing and shall be considered to have been given if hand delivered or if sent by registered or certified mail, return receipt requested, or by a nationally-recognized overnight courier that provides evidence of delivery, in each instance properly addressed and with postage or other charges prepaid, to the following addresses:

If to the City:

City of Picayune
Attention: City Manager
203 Goodyear Boulevard
Picayune, Ms 39466

If to Tenant:

Magnolia Air I, LLC
606 Clay Street
Montgomery, AL 36104
Attention: Raymond L. Roton and Joseph F. Bear, III

If to Subtenant:

Chevron, U.S.A., Inc.
C/o Chevron Business and Real Estate Services
Post Office Box 4619
Houston, Texas 77210
Attention: Leasing Manager

All notices shall be considered to have been given on the earlier of receipt or three business days after the date of mailing or one business day after the date of delivery to an overnight courier as provided herein. Any party may change its address for purposes of notice under this Section to any address within the continental United States of America upon thirty (30) days' advance written notice to the other parties.

7. The obligations of the parties hereto shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each provision hereof shall be deemed both a covenant and a condition and shall run with the land.

[This space left intentionally blank.]

IN WITNESS WHEREOF, the City, Tenant and Subtenant have each executed this Attornment Agreement under seal as of the day and year first above written.

LANDLORD:

ATTEST:

CITY OF PICAYUNE, a municipal corporation organized and existing under the laws of the State of Mississippi

_____
Name: Sabrina Diamond
Title: Clerk

By: _____
Name: _____
Title: Mayor

TENANT:

MAGNOLIA AIR I, LLC,
a Mississippi limited liability company

By: _____
Name: Joseph F. Bear, III
Title: Member

SUBTENANT:

CHEVRON, U.S.A., INC.,
a Pennsylvania corporation

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

RECESSED MEETING DATED OCTOBER 16, 2001

STATE OF MISSISSIPPI
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named _____, who acknowledged to me that he is the Mayor of the City of Picayune, Mississippi, a municipal corporation organized and existing under the laws of the State of Mississippi, and that for and on behalf of the said municipal corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said municipal corporation so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

STATE OF _____
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named Joseph F. Bear, III, who acknowledged to me that he is a member of Magnolia Air, LLC, a Mississippi member-managed limited liability company, and that for and on behalf of the said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

STATE OF _____
COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2001, within my jurisdiction, the within named _____, who acknowledged to me that he is _____ of Chevron U.S.A., Inc., a Pennsylvania corporation and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
(NOTARY PUBLIC)

My Commission Expires:

_____
(Affix official seal)

RECESSED MEETING DATED OCTOBER 16, 2001

CONSIDER REQUEST FOR FRONT YARD VARIANCE

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to approve the request for a 17' front yard variance at 507 South Harvey Avenue so that an open storage building may be placed on the existing slab. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENT TO THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to appoint Mary Ellen Bright to the Planning Commission to serve a three year term to expire in September 2004. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENT TO THE PLANNING COMMISSION

Motion was made by Councilmember Parker, seconded by Councilmember Roberson, to appoint Melvin Hicks to the Planning Commission to serve a three year term to expire in September 2004. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPOINTMENT TO THE PLANNING COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to appoint Richard Reynolds to the Planning Commission to serve a three year term to expire in September 2004. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED OCTOBER 16, 2001

ACKNOWLEDGE RECEIPT OF RESIGNATION OF INTERIM CITY MANAGER/CITY CLERK

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to accept the resignation of Interim City Manager/City Clerk Sabrina Diamond effective October 19, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

The motion was declared carried.

CONSIDER APPOINTMENT OF CITY MANAGER

Motion was made by Councilmember Watts, seconded by Councilmember Roberson, to appoint Sabrina Diamond as City Manager. The following roll call vote was taken:

VOTING YEA: Councilmembers Roberson and Watts

VOTING NAY: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

The motion did not pass.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 2306 JACKSON LANDING ROAD

A public hearing on the condition of property located at 2306 Jackson Landing Road and owned by Michael Gilbert was held. The Grants Administrator reported that the property has been cleaned. No action was taken.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1302 ASBORN ROAD

A public hearing was held on the condition of property located at 1302 Asborn road and owned by Errll Schierholz was held. The Grants Administrator reported that the property has been cleaned. No action was taken.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1208 EAST CANAL STREET

A public hearing on the condition of property located at 1208 East Canal Street and owned by Daisy Lee Gray Jones was held. The Grants Administrator reported that the property was not completely cleaned. Motion was made by Councilmember Parker, seconded by Councilmember Guy, to continue the public hearing until November 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

At this time Councilmember Watts left the meeting.

RECESSED MEETING DATED OCTOBER 16, 2001

CONSIDER REQUEST TO TRANSFER GRANT FUNDS

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to transfer MEMA Hazard Mitigation Planning Grant funds of $5,800.00 to Pearl River County to be used in their development of a Hazard Mitigation and Flood Protection Plan for the County. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Watts

The motion was declared carried.

At this time Councilmember Bounds left the meeting.

CONSIDER EXECUTION OF T-HANGAR LEASE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the following T-Hangar Lease with L. David Lively:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

T-HANGAR LEASE AGREEMENT

This T-HANGAR LEASE AGREEMENT made and entered into this, the 16th day of October, 2001, by and between the City of Picayune, hereinafter referred to as "Lessor" and L. David Lively, hereinafter referred to as the "Lessee", WITNESSETH:

For and in consideration of the rents, covenants and agreements hereinafter contained Lessor does hereby rent and lease unto Lessee the following:

1. **PREMISES**
Lessor does hereby lease and let to Lessee T-Hangar No. 9 located at the Picayune Municipal Airport, Picayune, Mississippi, together with reasonably necessary rights of access across Lessor's adjoining areas. Lessee has inspected the T-Hangar and accepts the T-Hangar in its present condition.

2. **TERM**
The term of this Agreement shall be month-to-month, with the term to begin on the 1st day of November, 2001, and continue thereafter each month until either party gives notice of termination or default by Lessee. Either party may terminate this Agreement by giving thirty (30) days written notice to the other party of its intent to terminate this Agreement, regardless of breach or compliance of either party.

3. **RENT**
Lessee shall pay, as rent for the use of the described Hangar, the amount of $175.00 per month, in advance on the first day of each month, and said rent shall be payable by mail to the Picayune Municipal Airport, 203 Goodyear Boulevard, Picayune, Mississippi 39466, or by personal delivery to the Picayune Municipal Airport office at 148 Runway Road, Picayune, Mississippi. Rent may be changed from time to time by lessor upon thirty (30) days written notice to Lessee.

4. **REPAIR AND MAINTENANCE**
Lessor shall be responsible for timely repairs, replacements and maintenance of the building structure, foundation, exterior walls, and roof. Lessee shall be responsible and liable for any damage to the hangar caused by Lessee's use of the hangar, including but not limited to, bent or broken interior walls, damage to floors due to fuel and oil spillage, door damage due to the Lessee's improper or negligent operation. No alterations, modifications or additions to the hangar shall be made by Lessee without the prior written permission of Lessor.

5. **USE OF PREMISES**
The hangar hereby leased shall be used only for the storage of aircraft owned or leased by Lessee. No maintenance of the stored aircraft shall be conducted in the Hangar except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee further agrees that no commercial aviation activities shall be conducted at the Picayune Municipal Airport without the express written permission of the Lessor. Commercial Aviation activities include, but are not limited to aircraft rental, charter, aircraft leasing, flight instruction, aerial survey and aerial photography, etc. The storage of fuel or other flammable materials in the Hangar is strictly prohibited. The Lessee shall not engage in any illegal activity and shall abide by all Federal, State, and FAA regulations and the City of Picayune Airport Minimum Standards and Rules and Regulations.

6. **INDEMNIFICATION**
Lessee shall keep, protect and save harmless, Lessor from any loss, cost, claim, judgment or expense of any sort or nature, and from any liability to any person, on account of any injury, damage or death to any person, or property arising out of any use of the leased premises by Lessee, its agents, or any other party or person acting under the direction or control of Lessee.

7. **INSPECTION**
The Lessor may enter the leased Hangar at reasonable times to inspect the premises.

8. **SECURITY**
Lessee agrees to abide by and cooperate with Lessor in the enforcement and implementation of all airport security regulations. Security of the Hangar shall be the responsibility of Lessee. Lessee agrees to provide Lessor with a key to any lock or locking device used to secure the Hangar. Lessor agrees that the key will be used only in case of emergency or for inspection of the premises.

9. **UTILITIES**
At its own expense, Lessee shall be responsible for the connection of electric services for the Hangar. Lessee shall pay as the same becomes due directly to the electricity provider. Failure to pay for such utilities will be considered a default under the terms of this lease. Lessee shall use light fixtures for its intended purpose only and shall not alter the existing electrical facilities. Lessee shall not operate any air conditioners, refrigerators, large heaters, or other similar appliances. Outlets, when available, may be used only for operation of droplights, small hand tools, etc. No permitted electrical appliances or other electrical devices shall be connected into the outlet when the Lessee is not present.

Lessor will provide basic water and sewer services to the hangar.

10. **HAZARDOUS SUBSTANCES**
Lessee shall not cause or permit any Hazardous Substances to be brought upon, kept or used in, on or about the hangar by Lessee, its agents or invitees, and Lessee, by execution of this Lease, covenants, warrants and represents to Lessor that it will keep the lease premises free from any and all unlawful contamination with hazardous substances and that it will hold Lessor harmless from any loss or damage with respect thereto and that Lessee will be solely responsible for any and all costs and expenses incurred for remediation in the event the same is required. Violation of this provision shall mean immediate termination of this Lease, which said termination shall not relieve the Lessee from its liability hereunder.

11. **SUBLEASE/ASSIGNMENT**
Lessee shall not have the right to sublet the T-Hangar leased under this agreement, nor shall the Lessee have the right to assign this Lease without the express written consent of the Lessor. Storage of aircraft not belonging to or leased by the Lessee shall be construed as a sublease, and unless approved by the Lessor, shall be grounds for termination of this Lease.

12. **DEFAULT**
In the event Lessee shall default in the payment of any installment of rent or other sum herein specified and such default shall continue for ten (10) days after written notice thereof, or if Lessee shall default in the observance or performance of any other of the Lessee's covenants, agreements, or obligations hereunder and such default shall not be corrected within thirty (30) days after written notice thereof, then the Lessor shall have the right to take complete possession of the leased premises, to declare the term of this Lease ended, and remove any of the Lessee's personal effects, without prejudice to any remedies which might be otherwise used for arrears of rent or other default.

13. **FORCE MAJEURE**
In the event of a natural disaster or other unforeseen event including, but not limited to, flooding, major wind or storm damage or fire, Lessor may, at its option and with or without notice, terminate this Lease.

14. **INSURANCE**
Lessee agrees to be responsible for maintaining liability insurance in an amount not less than $100,000.00 during the term of this Lease. Lessee shall deliver to Lessor an annual certificate demonstrating that insurance is paid and copies of the insurance policy issued by the insurance company. Lessor will be named as an insured and loss payee under the policy.

Lessee is solely responsible for maintaining insurance coverage on the contents of the T-Hangar.

15. **SURRENDER OF PREMISES**
Upon expiration of this Agreement for any reason, Lessee shall peacefully surrender and deliver possession of the leased premises to Lessor in as good condition and repair as at the inception of this Agreement, normal wear and tear excepted.

16. **NOTICES**
Should any notices be required to be given to the respective parties, the notice shall be given in writing by registered or certified mail at the following addresses or at such other addresses as may be substituted by subsequent notices to-wit:

As to Lessor: Airport Manager
Picayune Municipal Airport
203 Goodyear Boulevard
Picayune, MS 39466

As to Lessee: L. David Lively
306 Windward Passage
Slidell, LA 70458
(985) 643-8189

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmembers Watts and Bounds

The motion was declared carried.

At this time Councilmembers Watts and Bounds returned to the meeting.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter executive session to discuss a matter of potential litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of potential litigation.

ORDER TO AUTHORIZE THE CITY ATTORNEY TO ENTER SETTLEMENT NEGOTIATIONS WITH IGC, INC.

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the City Attorney to offer or settle the lawsuit with IGC, Inc. by making a contribution to the settlement in an amount not to exceed $90,000.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RETURN TO REGULAR SESSION

A the conclusion of executive session, upon motion was made by Councilmember Guy, seconded by Councilmember Parker, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of potential litigation and took action on that matter.

ORDER TO RECESS

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to recess until Thursday, October 18, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

October 18, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi met in the Courtroom of the Criminal Justice Center in said City, Tuesday, October 18, 2001 at 5:30 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager Sabrina Diamond, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

CONSIDER CHANGE ORDER #2 WITH WALTERS CONSTRUCTION

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign Change Order #2 to sitework contract #1 with Walters Construction on the Chevron/EDA project. The change is an increase of $42,648.36 and the revised contract amount is $226,234.36. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

CONSIDER CHANGE ORDER #2 WITH TALLEY CONSTRUCTION

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor to sign Change Order #2 to sitework contract #2 with Talley Construction on the Chevron/EDA project. The change is an increase of $14,270.00 and the revised contract amount is $953,549.56. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

CONSIDER BID AWARD ON UTILITY WORK CONTRACT ON CHEVRON/EDA PROJECT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to award the bid to the low bidder, Kanduit Construction, in the amount of $668,800.00 on the utility work to the Picayune Municipal Airport as part of the Chevron/EDA project. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve the issuance of the following manual checks:

Entex	Utility	$ 11,340.00
Gulf South Pipeline	Utility	$ 7,274.03
Utility Management	Utility	$ 605.88

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN EXTENSION AGREEMENT WITH MAJESTIC INN

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the Mayor to sign the following extension agreement with Majestic Inn:

State of Mississippi
County of Pearl River

MODIFICATION AGREEMENT

THIS agreement made and entered into upon this the_____day of _____, A.D., 20___, by and between the City of Picayune, Mississippi, hereinafter generally referred to as the City and Majestic Inn, Inc. a Mississippi corporation, hereinafter generally referred to as Majestic.

WHEREAS, heretofore Majestic did execute one Installment Promissory Note dated June 7, 1984 in the principal sum of $244,000.00 which was payable in 264 equal consecutive monthly installments of $2,046.19, commencing upon the 17th day of October A.D., 1988, principal and interest inclusive, and upon the same day of each month thereafter until paid, which said promissory note is secured by a second Deed of Trust on real property located on Cooper Road in Picayune, Mississippi, together with all fixtures, improvements and appurtenances thereunto belonging, and

WHEREAS, Majestic has wholly failed to make the prescribed payments on time and is in default of said Installment Promissory Note and the parties acknowledge the City may at this time foreclose its second Deed of Trust on said property together with all fixtures, improvements and appurtenances there unto belonging, and

NOW THEREFORE, for a valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the parties agree, each with the other as follows, to-wit:

RECESSED MEETING DATED OCTOBER 18, 2001

1. The city will forebear foreclosure of its second Deed of Trust even though the Promissory Note it secures is in default and the city has every legal right to proceed with foreclosure, and but for this Modification Agreement would proceed with foreclosure.

2. That Majestic shall accomplish the following:

   a. Sign a new promissory note in the principal amount of $178,181.54, principal and interest at the rate of eight and one-half (8.5%) per annum inclusive payable as follows:

      108 equal consecutive monthly installments of $2,366.14 commencing upon the 15th day March, A.D., 2002, and one final interest payment of $7,455.85 upon the 15th day of March, 2011, which is the interest from September, 2001 – February, 2002 grace period granted by the city.

   b. Secure the new promissory note with a Deed of Trust, to be filed in the Office of the Chancery Clerk of Pearl River County, Mississippi, without intervening liens, securing said original Deed of Trust, second in priority only to the primary lender and current ad valorem taxes.

   c. Provide a current profit and loss statement to the City every month which fairly and accurately discloses the financial operations of the business operations of Majestic Inn, Inc.

3. Special Provisions:

Witness our signatures, in duplicate, upon the date hereinabove first written in the City of Picayune, Pearl River County, Mississippi.

City of Picayune, Mississippi

BY:_____
Greg Mitchell, Mayor

ATTEST:

_____

Majestic Inn, Inc.
A Mississippi Corporation

By:_____
Jams M. Cancienne

ATTEST:

_____

RECESSED MEETING DATED OCTOBER 18, 2001

AMORTIZATION SCHEDULE

		$178,182	08.500 %	09 Years	3/15/2002	$2,366.14	108	
Mo.	Pmt	Interest	Principal	Total Paid	End Bal.	Ttl Interest	Ttl Principal	Date
1	$2,366.14	$1,262.12	$1,104.02	$2,366.14	$177,077.98	$1,262.12	$1,104.02	Mar-15-2002
2	$2,366.14	$1,254.30	$1,111.84	$4,732.28	$175,966.14	$2,516.42	$2,215.86	Apr-15-2002
3	$2,366.14	$1,246.43	$1,119.71	$7,098.42	$174,846.43	$3,762.85	$3,335.57	May-15-2002
4	$2,366.14	$1,238.50	$1,127.65	$9,464.57	$173,718.78	$5,001.35	$4,463.22	Jun-15-2002
5	$2,366.14	$1,230.51	$1,135.63	$11,830.71	$172,583.15	$6,231.86	$5,598.85	Jul-15-2002
6	$2,366.14	$1,222.46	$1,143.68	$14,196.85	$171,439.47	$7,454.32	$6,742.53	Aug-15-2002
7	$2,366.14	$1,214.36	$1,151.78	$16,562.99	$170,287.69	$8,668.68	$7,894.31	Sep-15-2002
8	$2,366.14	$1,206.20	$1,159.94	$18,929.13	$169,127.75	$9,874.89	$9,054.25	Oct-15-2002
9	$2,366.14	$1,197.99	$1,168.15	$21,295.27	$167,959.60	$11,072.87	$10,222.40	Nov-15-2002
10	$2,366.14	$1,189.71	$1,176.43	$23,661.42	$166,783.17	$12,262.59	$11,398.83	Dec-15-2002
11	$2,366.14	$1,181.38	$1,184.76	$26,027.56	$165,598.41	$13,443.97	$12,583.59	Jan-15-2003
12	$2,366.14	$1,172.99	$1,193.15	$28,393.70	$164,405.26	$14,616.96	$13,776.74	Feb-15-2003
13	$2,366.14	$1,164.54	$1,201.60	$30,759.84	$163,203.65	$15,781.50	$14,978.35	Mar-15-2003
14	$2,366.14	$1,156.03	$1,210.12	$33,125.98	$161,993.54	$16,937.52	$16,188.46	Apr-15-2003
15	$2,366.14	$1,147.45	$1,218.69	$35,492.12	$160,774.85	$18,084.98	$17,407.15	May-15-2003
16	$2,366.14	$1,138.82	$1,227.32	$37,858.27	$159,547.53	$19,223.80	$18,634.47	Jun-15-2003
17	$2,366.14	$1,130.13	$1,236.01	$40,224.41	$158,311.52	$20,353.93	$19,870.48	Jul-15-2003
18	$2,366.14	$1,121.37	$1,244.77	$42,590.55	$157,066.75	$21,475.30	$21,115.25	Aug-15-2003
19	$2,366.14	$1,112.56	$1,253.59	$44,956.69	$155,813.16	$22,587.86	$22,368.84	Sep-15-2003
20	$2,366.14	$1,103.68	$1,262.47	$47,322.83	$154,550.70	$23,691.53	$23,631.30	Oct-15-2003
21	$2,366.14	$1,094.73	$1,271.41	$49,688.97	$153,279.29	$24,786.27	$24,902.71	Nov-15-2003
22	$2,366.14	$1,085.73	$1,280.41	$52,055.12	$151,998.88	$25,871.98	$26,183.12	Dec-15-2003
23	$2,366.14	$1,076.66	$1,289.48	$54,421.26	$150,709.40	$26,948.65	$27,472.60	Jan-15-2004
24	$2,366.14	$1,067.52	$1,298.62	$56,787.40	$149,410.78	$28,016.18	$28,771.22	Feb-15-2004
25	$2,366.14	$1,058.33	$1,307.82	$59,153.54	$148,102.96	$29,074.50	$30,079.04	Mar-15-2004
26	$2,366.14	$1,049.06	$1,317.08	$61,519.68	$146,785.88	$30,123.57	$31,396.12	Apr-15-2004
27	$2,366.14	$1,039.73	$1,326.41	$63,885.82	$145,459.48	$31,163.30	$32,722.52	May-15-2004
28	$2,366.14	$1,030.34	$1,335.80	$66,251.97	$144,123.67	$32,193.64	$34,058.33	Jun-15-2004
29	$2,366.14	$1,020.88	$1,345.27	$68,618.11	$142,778.41	$33,214.51	$35,403.59	Jul-15-2004
30	$2,366.14	$1,011.35	$1,354.79	$70,984.25	$141,423.61	$34,225.86	$36,758.39	Aug-15-2004
31	$2,366.14	$1,001.75	$1,364.39	$73,350.39	$140,059.22	$35,227.61	$38,122.78	Sep-15-2004
32	$2,366.14	$992.09	$1,374.06	$75,716.53	$138,685.17	$36,219.70	$39,496.83	Oct-15-2004
33	$2,366.14	$982.35	$1,383.79	$78,082.67	$137,301.38	$37,202.05	$40,880.62	Nov-15-2004
34	$2,366.14	$972.55	$1,393.59	$80,448.82	$135,907.79	$38,174.60	$42,274.21	Dec-15-2004
35	$2,366.14	$962.68	$1,403.46	$82,814.96	$134,504.33	$39,137.28	$43,677.67	Jan-15-2005
36	$2,366.14	$952.74	$1,413.40	$85,181.10	$133,090.92	$40,090.02	$45,091.08	Feb-15-2005
37	$2,366.14	$942.73	$1,423.41	$87,547.24	$131,667.51	$41,032.75	$46,514.49	Mar-15-2005
38	$2,366.14	$932.64	$1,433.50	$89,913.38	$130,234.01	$41,965.39	$47,947.99	Apr-15-2005
39	$2,366.14	$922.49	$1,443.65	$92,279.52	$128,790.36	$42,887.88	$49,391.64	May-15-2005
40	$2,366.14	$912.27	$1,453.88	$94,645.66	$127,336.49	$43,800.15	$50,845.51	Jun-15-2005
41	$2,366.14	$901.97	$1,464.17	$97,011.81	$125,872.31	$44,702.12	$52,309.69	Jul-15-2005
42	$2,366.14	$891.60	$1,474.55	$99,377.95	$124,397.76	$45,593.71	$53,784.24	Aug-15-2005
43	$2,366.14	$881.15	$1,484.99	$101,744.09	$122,912.77	$46,474.86	$55,269.23	Sep-15-2005
44	$2,366.14	$870.63	$1,495.51	$104,110.23	$121,417.26	$47,345.50	$56,764.74	Oct-15-2005
45	$2,366.14	$860.04	$1,506.10	$106,476.37	$119,911.16	$48,205.53	$58,270.84	Nov-15-2005
46	$2,366.14	$849.37	$1,516.77	$108,842.51	$118,394.39	$49,054.90	$59,787.61	Dec-15-2005
47	$2,366.14	$838.63	$1,527.51	$111,208.66	$116,866.88	$49,893.53	$61,315.12	Jan-15-2006
48	$2,366.14	$827.81	$1,538.33	$113,574.80	$115,328.54	$50,721.34	$62,853.46	Feb-15-2006
49	$2,366.14	$816.91	$1,549.23	$115,940.94	$113,779.31	$51,538.25	$64,402.69	Mar-15-2006
50	$2,366.14	$805.94	$1,560.20	$118,307.08	$112,219.11	$52,344.19	$65,962.89	Apr-15-2006
51	$2,366.14	$794.89	$1,571.26	$120,673.22	$110,647.85	$53,139.07	$67,534.15	May-15-2006
52	$2,366.14	$783.76	$1,582.39	$123,039.36	$109,065.46	$53,922.83	$69,116.54	Jun-15-2006
53	$2,366.14	$772.55	$1,593.59	$125,405.51	$107,471.87	$54,695.37	$70,710.13	Jul-15-2006
54	$2,366.14	$761.26	$1,604.88	$127,771.65	$105,866.99	$55,456.63	$72,315.01	Aug-15-2006
55	$2,366.14	$749.89	$1,616.25	$130,137.79	$104,250.74	$56,206.52	$73,931.26	Sep-15-2006
56	$2,366.14	$738.44	$1,627.70	$132,503.93	$102,623.04	$56,944.97	$75,558.96	Oct-15-2006
57	$2,366.14	$726.91	$1,639.23	$134,870.07	$100,983.81	$57,671.88	$77,198.19	Nov-15-2006
58	$2,366.14	$715.30	$1,650.84	$137,236.21	$99,332.97	$58,387.18	$78,849.03	Dec-15-2006
59	$2,366.14	$703.61	$1,662.53	$139,602.36	$97,670.43	$59,090.79	$80,511.57	Jan-15-2007
60	$2,366.14	$691.83	$1,674.31	$141,968.50	$95,996.13	$59,782.62	$82,185.87	Feb-15-2007
61	$2,366.14	$679.97	$1,686.17	$144,334.64	$94,309.96	$60,462.60	$83,872.04	Mar-15-2007
62	$2,366.14	$668.03	$1,698.11	$146,700.78	$92,611.84	$61,130.62	$85,570.16	Apr-15-2007
63	$2,366.14	$656.00	$1,710.14	$149,066.92	$90,901.70	$61,786.62	$87,280.30	May-15-2007
64	$2,366.14	$643.89	$1,722.25	$151,433.06	$89,179.45	$62,430.51	$89,002.55	Jun-15-2007
65	$2,366.14	$631.69	$1,734.45	$153,799.21	$87,444.99	$63,062.20	$90,737.01	Jul-15-2007
66	$2,366.14	$619.40	$1,746.74	$156,165.35	$85,698.25	$63,681.60	$92,483.75	Aug-15-2007
67	$2,366.14	$607.03	$1,759.11	$158,531.49	$83,939.14	$64,288.63	$94,242.86	Sep-15-2007
68	$2,366.14	$594.57	$1,771.57	$160,897.63	$82,167.57	$64,883.20	$96,014.43	Oct-15-2007
69	$2,366.14	$582.02	$1,784.12	$163,263.77	$80,383.45	$65,465.22	$97,798.55	Nov-15-2007

AMORTIZATION SCHEDULE

70	$2,366.14	$569.38	$1,796.76	$165,629.91	$78,586.89	$66,034.60	$99,595.31	Dec-15-2007
71	$2,366.14	$556.66	$1,809.49	$167,996.06	$76,777.20	$66,591.26	$101,404.80	Jan-15-2008
72	$2,366.14	$543.84	$1,822.30	$170,362.20	$74,954.90	$67,135.10	$103,227.10	Feb-15-2008
73	$2,366.14	$530.93	$1,835.21	$172,728.34	$73,119.69	$67,666.03	$105,062.31	Mar-15-2008
74	$2,366.14	$517.93	$1,848.21	$175,094.48	$71,271.48	$68,183.96	$106,910.52	Apr-15-2008
75	$2,366.14	$504.84	$1,861.30	$177,460.62	$69,410.18	$68,688.80	$108,771.82	May-15-2008
76	$2,366.14	$491.66	$1,874.49	$179,826.76	$67,535.69	$69,180.45	$110,646.31	Jun-15-2008
77	$2,366.14	$478.38	$1,887.76	$182,192.91	$65,647.93	$69,658.83	$112,534.07	Jul-15-2008
78	$2,366.14	$465.01	$1,901.14	$184,559.05	$63,746.79	$70,123.84	$114,435.21	Aug-15-2008
79	$2,366.14	$451.54	$1,914.60	$186,925.19	$61,832.19	$70,575.38	$116,349.81	Sep-15-2008
80	$2,366.14	$437.98	$1,928.16	$189,291.33	$59,904.03	$71,013.36	$118,277.97	Oct-15-2008
81	$2,366.14	$424.32	$1,941.82	$191,657.47	$57,962.20	$71,437.68	$120,219.80	Nov-15-2008
82	$2,366.14	$410.57	$1,955.58	$194,023.61	$56,006.63	$71,848.24	$122,175.37	Dec-15-2008
83	$2,366.14	$396.71	$1,969.43	$196,389.75	$54,037.20	$72,244.96	$124,144.80	Jan-15-2009
84	$2,366.14	$382.76	$1,983.38	$198,755.90	$52,053.82	$72,627.72	$126,128.18	Feb-15-2009
85	$2,366.14	$368.71	$1,997.43	$201,122.04	$50,056.40	$72,996.43	$128,125.60	Mar-15-2009
86	$2,366.14	$354.57	$2,011.58	$203,488.18	$48,044.82	$73,351.00	$130,137.18	Apr-15-2009
87	$2,366.14	$340.32	$2,025.82	$205,854.32	$46,019.00	$73,691.32	$132,163.00	May-15-2009
88	$2,366.14	$325.97	$2,040.17	$208,220.46	$43,978.82	$74,017.28	$134,203.18	Jun-15-2009
89	$2,366.14	$311.52	$2,054.62	$210,586.60	$41,924.20	$74,328.80	$136,257.80	Jul-15-2009
90	$2,366.14	$296.96	$2,069.18	$212,952.75	$39,855.02	$74,625.76	$138,326.98	Aug-15-2009
91	$2,366.14	$282.31	$2,083.84	$215,318.89	$37,771.18	$74,908.07	$140,410.82	Sep-15-2009
92	$2,366.14	$267.55	$2,098.60	$217,685.03	$35,672.59	$75,175.62	$142,509.41	Oct-15-2009
93	$2,366.14	$252.68	$2,113.46	$220,051.17	$33,559.13	$75,428.30	$144,622.87	Nov-15-2009
94	$2,366.14	$237.71	$2,128.43	$222,417.31	$31,430.70	$75,666.01	$146,751.30	Dec-15-2009
95	$2,366.14	$222.63	$2,143.51	$224,783.45	$29,287.19	$75,888.64	$148,894.81	Jan-15-2010
96	$2,366.14	$207.45	$2,158.69	$227,149.60	$27,128.50	$76,096.09	$151,053.50	Feb-15-2010
97	$2,366.14	$192.16	$2,173.98	$229,515.74	$24,954.52	$76,288.25	$153,227.48	Mar-15-2010
98	$2,366.14	$176.76	$2,189.38	$231,881.88	$22,765.14	$76,465.01	$155,416.86	Apr-15-2010
99	$2,366.14	$161.25	$2,204.89	$234,248.02	$20,560.25	$76,626.27	$157,621.75	May-15-2010
100	$2,366.14	$145.64	$2,220.51	$236,614.16	$18,339.74	$76,771.90	$159,842.26	Jun-15-2010
101	$2,366.14	$129.91	$2,236.24	$238,980.30	$16,103.51	$76,901.81	$162,078.49	Jul-15-2010
102	$2,366.14	$114.07	$2,252.08	$241,346.45	$13,851.43	$77,015.88	$164,330.57	Aug-15-2010
103	$2,366.14	$98.11	$2,268.03	$243,712.59	$11,583.40	$77,113.99	$166,598.60	Sep-15-2010
104	$2,366.14	$82.05	$2,284.09	$246,078.73	$9,299.31	$77,196.04	$168,882.69	Oct-15-2010
105	$2,366.14	$65.87	$2,300.27	$248,444.87	$6,999.04	$77,261.91	$171,182.96	Nov-15-2010
106	$2,366.14	$49.58	$2,316.57	$250,811.01	$4,682.47	$77,311.49	$173,499.53	Dec-15-2010
107	$2,366.14	$33.17	$2,332.97	$253,177.15	$2,349.50	$77,344.65	$175,832.50	Jan-15-2011
108	$2,366.14	$16.64	$2,349.50	$255,543.30		$77,361.30	$178,182.00	Feb-15-2011

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED OCTOBER 18, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter executive session to discuss a personnel matter. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a personnel matter.

RETURN TO REGULAR SESSION

At the conclusion of the executive session, upon motion of Councilmember Guy, seconded by Councilmember Parker, an unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a personnel matter and took no action.

APPOINTMENT OF INTERIM CITY MANAGER

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to appoint J.P. Burns as Interim City Manager. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

The motion was declared carried.

ORDER TO ADJOURN

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to adjourn. The following roll call vote was taken:

RECESSED MEETING DATED OCTOBER 18, 2001

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Sabrina Diamond, City Clerk

November 6, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, November 6, 2001 in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Kathy Watts, Leavern Guy and Jerry Bounds, Interim City Manager J.P. Burns, Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Erin.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Rev. Mike Jackson from the Church of the Way, followed by the Pledge of Allegiance led by Councilmember Kathy Watts.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the minutes of the Pearl River County Development Association dated September 24, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the Public Records Report for September 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 4,000.00

City of Picayune, General	Utility	NTE $ 52,000.00
Ms. State Extension Service	General	$ 15.00
Talley Contracting	Airport	$175,936.29
IGC, Inc.	General	$ 70,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor to sign a quitclaim deed in the name of Paul Earnest on parcel # 717-203-000-06-007 for 1998 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor to sign a quitclaim deed in the name of Robert Bridges on parcel # 617-516-004-03-019-00 for 1998 taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO AUTHORIZE THE REPURCHASE OF A CEMETERY PLOT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the repurchase Lot 21, Plot 5, Block Q, in the Palestine 3rd Addition in the amount of $200.00 and to issue a manual check for same. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to void the 2001 tax sale for parcel #617-833-000-00-043-00 and parcel # 617-834-000-00-024-02, due to disability exemption by the Pearl River County Tax Assessor. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 2117 SOUTH MCGEEHEE STREET

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to set the date and time of December 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 2117 McGeehee Street. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 1700 ADCOX ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to set the date and time of December 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 1700 Adcox Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 1702 ADCOX ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to set the date and time of December 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 1702 Adcox Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO SET DATE FOR A PUBLIC HEARING ON PROPERTY CLEANUP FOR 1704 ADCOX ROAD

Upon recommendation of the Grants Administrator, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to set the date and time of December 18, 2001 at 6:00 p.m. for a property cleanup public hearing for 1704 Adcox Road. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

CONSIDER REQUEST FOR PARADE PERMIT

Upon request of Mr. Tony Tarver, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to approve a parade permit for a parade to be held on December 8, 2001 and to close Rester Street from Goodyear Boulevard to Williams Avenue. The parade route will begin on Highway 11 South at Friendship Park, then north on Highway 11, left to Goodyear Boulevard, and disband at the Monument at City Hall. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to approve the monthly claims docket for November, 2001 in the total amount of $500,014.72. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and

Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

PUBLIC HEARING ON CLOSURE OF RAILWAY CROSSINGS

A public hearing on the closure of the Norfolk Southern Railway crossings at West Sycamore Road and McGeehee Lane was held. Several residents living on Vaughn Street, Poplar Street and Amelia Street were heard and were in opposition of the closing of these two railroad crossings due to the unsafe conditions at Vaughn Street entering Highway 11. After the discussion, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to take this information under advisement. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Watts, Guy and Bounds

VOTING NAY: Councilmember Roberson

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO ALLOW THE PAINTING OF STREETS

Ms. Laurie Ball from Picayune Memorial High School requested that the city allow the Picayune Memorial High School Student Council to paint 3 X 5 Maroon Tides on 5th Avenue from Main Street to the High School, on Goodyear Boulevard from Main Street to Norwood Street, on Norwood Street from Goodyear Boulevard to 5th Avenue and on Magnolia Street from Goodyear Boulevard to 5th Avenue. This would give visitors directions to the High School. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to allow the Picayune Memorial High School Student Council to paint on the streets as requested. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

CONSIDER SOLE SOURCE PURCHASE

Upon recommendation of the Acting Public Works Director, motion was made by Councilmember Guy, seconded by Councilmember Watts, to authorize a sole source purchase of two, two phase NEMA Cabinet Assemblies at a price of $3,400.00 each, at a total of $6,800.00, from Temple, Inc., according to the following letter:

EAGLE Traffic Control Systems
A Business Unit of Siemens Energy & Automation, Inc.

October 31, 2001

City of Picayune
Attn: Mr. Mickey Miller
203 Goodyear Boulevard
Picayune, MS 39466
Fax: 601-798-0564
Dear Mr. Miller:

EAGLE Traffic Control Systems (EAGLE) provides sales and services for EAGLE products through distributors. Temple, Inc., located at 317 Bank St., Decatur, Al, Phone: 1-800-633-3221, Fax: 256-353-4578 is the *only* distributor in the United States who can sell EAGLE traffic control products and spare parts in the State of Mississippi.

Warranties on EAGLE products can only be honored if all components are official EAGLE parts and all services have been performed by EAGLE Service Centers. EAGLE is dedicated to providing quality products to our customers. All components used in manufacturing our products are screened and tested to ensure that they meet the design requirements. OEM (Original Equipment Manufactured) parts are only available through EAGLE distributors.

Sincerely,

/s/ Jim Eastberg

Jim Eastberg
Quotations Manager

Cc: Mr. Joey Knight, Temple, Inc.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO AUTHORIZE MAYOR TO SIGN ENGAGEMENT LETTER FOR 2001 AUDIT

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to table any action on this matter until the November 20, 2001 council meeting. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO ACCEPT MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Roberson, seconded by Councilmember Guy, to accept the minutes of the Planning Commission dated September 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to acknowledge receipt of the Planning Commission minutes dated October 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

Mayor Mitchell stepped out of the meeting.

CONSIDER REQUEST FOR CONDITIONAL USE

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to approve conditional use for a proposed car wash to be located at 6478 Highway 11 North. The following roll call vote was taken:

VOTING YEA: Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Mitchell and Councilmember Parker

The motion was declared carried.

CONSIDER BID AWARD ON THE SPEED MONITORING TRAILER

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to award the bid to MPH Industries, Inc. in the amount of $11,350.00 for a Speed Monitoring Trailer with Statistic Software Package. The low bidder was Mighty Mover Trailers, Inc. in the amount of $10,290.00, but they did not meet the bid specifications. The following roll call vote was taken:

VOTING YEA: Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Mayor Mitchell and Councilmember Parker

The motion was declared carried.

At this time Mayor Mitchell returned to the meeting.

ORDER TO AUTHORIZE THE PURCHASING AGENT TO ADVERTISE FOR OUTSIDE EMERGENCY WARNING DEVICES

Fire Chief Jackie Mitchell spoke to the council regarding the need for emergency warning devices for the City of Picayune in lieu of the September 11, 2001 incident in New York City. Motion was made by Councilmember Roberson, seconded by

Councilmember Guy, to authorize the Purchasing Agent to advertise for three (3) outside emergency warning devices. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to enter executive session to discuss a personnel matter, two matters of litigation and a matter involving the purchase of property. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a personnel matter, two matters of litigation and a matter involving the purchase of property.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Guy, seconded by Councilmember Watts, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed two matters of litigation and took no action and took action on the following.

REGULAR MEETING DATED NOVEMBER 6, 2001

ORDER TO ESTABLISH FAIR MARKET VALUE AND AUTHORIZE MAYOR *TO SIGN DEEDS*

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to establish the fair market value of the following properties for utility easements to provide utilities to the Picayune Airport:

Mississippi State University	$ 2,000.00
C.W. Frierson, Etux	$ 120.00
Yvonne Loe	$ 1,000.00
Veterans of Foreign Wars	$ 1,000.00
ABC Homes	$ 2,000.00
G.H. Williams, estate	$ 5,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

ORDER TO SET SALARY FOR CITY MANAGER

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to set the salary of the City Manager at $50,000.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

ABSENT AND NOT VOTING: Councilmember Parker

The motion did not carry.

ORDER TO RECESS

Motion was made by Councilmember Bounds, seconded by Councilmember Guy to recess until November 9, 2001 at 4:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Parker

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Brenda Ford, Deputy City Clerk

November 9, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi met in the Mayor's office in said City on , Friday, November 9, 2001 at 4:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds and Deputy City Clerk Brenda Ford.

It Being Determined a quorum was present, the following proceedings were held.

ORDER TO ADOPT "AMERICAN EDUCATION WEEK" PROCLAMATION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson to adopt the following proclamation:

PROCLAMATION

WHEREAS, the health of American's democracy tomorrow depends on the children in America's classrooms today; and

WHEREAS, America's public schools remain the surest pathway to a future more prosperous, more just, and more free; and

WHEREAS, each community's public schools must prepare the next generation for a new constellation of social, economic, ethical, and political challenges; and

WHEREAS, quality education demands the active involvement and collaboration of all segments of the community,

NOW, THEREFORE, the Mayor and City Council of the City of Picayune, Mississippi, do hereby proclaim November 11-17, 2001

AMERICAN EDUCATION WEEK

ADOPTED this the 9th day of November, 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED NOVEMBER 9, 2001

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to enter executive session to discuss a personnel matter. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a personnel matter.

APPOINTMENT OF CITY MANAGER

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to appoint J.P. Burns as City Manager at a salary of $50,000 retroactive to October 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers, Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

The motion was declared carried

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion made by Councilmember Guy, seconded by Councilmember Bounds, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council appointed J.P. Burns as City Manager.

ORDER TO RECESS

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to recess until Tuesday, November 20, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Parker, Guy and Bounds

VOTING NAY: Councilmembers Roberson and Watts

RECESSED MEETING DATED NOVEMBER 9, 2001

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Brenda Ford, Deputy City Clerk

November 20, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, November 20, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manager J.P. Burns, Jr., Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Elder David Simmons of Rose of Sharon Church of God in Christ, followed by the Pledge of Allegiance led by Councilmember Roberson.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Guy, seconded by Councilmember Bounds, to approve the minutes of the Mayor and City Council dated October 2, 2001, October 16, 2001, October 18, 2001, November 6, 2001 and November 9, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the Deputy City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the issuance of the following manual checks:

Entex	Utility	$ 9,486.00
Gulf South Pipeline	Utility	$ 11,475.40
Utility Management	Utility	$ 857.96
Building Officials Assoc. of Mississippi	General	$ 65.00
MS State University Cooperative Ext.	General	$ 150.00
Leann Smith	General	$ 102.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the monthly privilege license report for September and October 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF BUDGET REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the monthly budget report for October 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF PUBLIC RECORDS REQUESTS REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the monthly public records requests report for September and October 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to void the 2001 tax sale for 2000 taxes for parcel # 617-521-003-03-034-00 due to 65 exemption and refund College Investments. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED NOVEMBER 20, 2001

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor to sign a quitclaim deed for 1993 taxes in the name of R.D. Thompson, on parcel # 518-829-000-01-025-00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ADVERTISE FOR MEMORIAL BOULEVARD ROADWAY IMPROVEMENTS

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Purchasing Agent to advertise for Memorial Boulevard Roadway Improvements. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A NEW LOCAL SURFACE TRANSPORTATION PROGRAM AGREEMENT FOR LOCAL PUBLIC AGENCIES

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor to sign the following Local Surface Transportation Program Agreement:

GENERAL AGREEMENTS
FOR
LOCAL PUBLIC AGENCY PROJECTS

This AGREEMENT made by and between the MISSISSIPPI TRANSPORTATION COMMISSION, by and through the duly authorized Executive Director of the Mississippi Department of Transportation, hereinafter referred to as the **MDOT** and the City of Picayune, Pearl River County, Mississippi, the LOCAL PUBLIC AGENCY, hereinafter referred to as the **LPA**, for the purpose of establishing the agreed conditions under which the **LPA** may utilize Surface Transportation Program (STP) Funds, National Highway System Intermodal Connector Improvement Program (ICIP) Funds, Intelligent Transportation System (ITS) Funds, Transportation Enhancement (TE) Funds or any other funds administered by the Federal Highway Administration, hereinafter referred to as Federal Funds, that may be provided by the Transportation Equity Act for the 21st Century (TEA-21) and subsequent acts.

PROJECT DESCRIPTION: Project and project funding are described in the approved Project Activation Request with approved amendments, if any, and attached approved RWD 700 (**LPA** Roadway Design Related Data) and/or RWD 800 (**LPA** Non-Roadway Design Related Data), hereinafter referred to as the PROJECT.

WHEREAS, it is understood that procedures presented herein are general in nature with details and specific requirements contained in the **MDOT** Project Development Manual for Local Public Agencies; and

WHEREAS, the **LPA** has proposed PROJECT(s) to construct, reconstruct and/or improve traffic services on certain streets or make other transportation related improvements utilizing Federal Funds as allocated to the **LPA** by the **MDOT**; and

WHEREAS, the **MDOT** has allocated a specific amount of Federal Funds to the **LPA** in accordance with the procedures for distribution and intends to allocate additional Federal Funds as these funds become available; and

WHEREAS, the allocated Federal Funds may be used for funding approved PROJECT(s) using the maximum allowable funding ration unless such participation would result in an amount greater than the total **LPA** allocation at which time the Federal participation ration will be reduced accordingly so that the total **LPA** allocation will not be exceeded.

NOW THEREFORE, it is mutually agreed that:

I. **GENERAL**:

SECTION 1. PROHIBITED INTEREST No member, officer or employee of the **LPA** or **MDOT** during his/her tenure or one (1) year thereafter shall have any interest, direct or indirect, in this AGREEMENT or the proceeds therefrom other than those interests set forth herein.

SECTION 2. TERMINATION The **MDOT** shall have the right to terminate this AGREEMENT with fifteen (15) days written notice if the **LPA** fails to comply with their obligations as provided herein. The **LPA** shall have the right to terminate this AGREEMENT with fifteen (15) days written notice if circumstances beyond the control of the **LPA** prohibit the **LPA** from complying with their obligations as provided herein. The AGREEMENT may be terminated at any time by mutual written consent of the **LPA** and **MDOT**.

II. **THE LPA WILL FOR EACH PROJECT**:

SECTION 1. Initiate any proposed PROJECT in accordance with the **MDOT** Project Development manual for Local Public Agencies. The **LPA** must initiate Public Involvement programs early in the PROJECT initiation process in order to assure maximum participation on the part of the public, including minority and low-income communities, in the selection and development of the PROJECT.

SECTION 2. The **LPA** may choose to participate in the **MDOT** Special Match Credit Program. This program is outlined in the **MDOT** Project Development Manual for Local Public Agencies. If the **LPA** does wish to participate, the Chief Elected Official of the **LPA** must indicate such intent in the Project Activation Request. The **LPA** must insure compliance with the **MDOT** *Consultant Selection Standard Operating Procedures* for all professional services for the PE and ROW Phases and must obtain all real properties and easements in accordance with procedures required by Federal and State laws and regulations. The **LPA** must deposit with the **MDOT** all matching funds above the Special Match Credit if required. Credit in excess of the 20% percent match will not be allowed. **LPA** projects for which the Federal Highway Administration allows 100% federal funds for construction with no local match are not eligible for the **MDOT** Special Match Credit Program.

SECTION 3. If the **LPA** plans to utilize consultant(s) in any phase(s) of the PROJECT and wishes to have such costs eligible as part of the **MDOT** Special Match Credit Program for construction and/or for construction engineering for construction, consultant selection procedures must be in conformance with the **MDOT** Consultant Selection Standard Operation Procedures.

SECTION 4. Prepare and submit the Project Activation Request and RWD-700/RWD-800 forms, as applicable, for the activation of any project in accordance with the **MDOT** Project Development manual for Local Public Agencies.

SECTION 5. After notification of Project Activation Request approval, make necessary field surveys and prepare plans. The total cost for field surveys and preparation of plans will be borne by the **LPA**; however, the **LPA** may request that such costs be eligible as part of the **MDOT** Special Match Credit Program. No expenditures for work performed prior to Project Activation Request approval will be eligible for reimbursement or **LPA** Special Match Credit.

SECTION 6. Prepare environmental documents in accordance with the **MDOT** Project Development Manual for Local Public Agencies and submit to **MDOT** for review and approval. After **MDOT**'s review, the **LPA** shall offer opportunity for, and conduct public hearings when required; coordinate with plans of other agencies; and all related

preliminary requirements. **LPA** outlays for the environmental process may be eligible for the **MDOT** Special Match Credit Program.

SECTION 7. After approval of the environmental document the **LPA** may proceed using **LPA** forces or consultants, to prepare right-of-way plans, maps and deeds; abstract titles; make right-of-way appraisals; make appraisal review; acquire all right-of-way as required for construction of the PROJECT; relocate or adjust utilities; enter into agreements for any railroad work required; prepare right-of-way stage relocation plan; provide relocation assistance to all families, farms or business enterprises, etc. that are required to relocate as a result of the PROJECT. These procedures will be performed in accordance with procedures in the **MDOT** Project Development Manual for Local Public Agencies. The total cost for right-of-way and associated work will be borne by the **LPA**; however, the **LPA** may request that such costs be eligible as part of the **MDOT** Special Match Credit Program.

SECTION 8. Should the **LPA** desire Federal-aid participation in construction engineering to be performed by the **LPA** forces, the methods and rates of compensation for construction engineering services will be in accordance with normal **LPA** methods and rates. If the **LPA** desires Federal-aid participation in construction engineering using a Professional Engineer or an Architectural Consultant, the methods and rate of compensation for construction engineering services performed must be established in the form of an agreement between the **LPA** and the consultant firm. Individual hourly time charges to the project for construction engineering work performed by an **LPA** employee or consultant employee must be properly documented, and statements of these charges must be furnished to the **MDOT** with monthly estimates. Total construction engineering charges exceeding fifteen percent (15%) of the total construction cost are not eligible for Federal-aid participation. All charges determined to be Federal-aid non-participating shall be borne by the **LPA**.

SECTION 9. The **LPA** will prepare and bear the cost of other miscellaneous documents required as part of the PROJECT development, such as soil surveys, pavement type selections and designs, design exception requests, requests for the use of proprietary items or **LPA** forces or equipment for public interest findings, signal operation plans, etc. The **LPA** will also have technicians and equipment to perform testing on the PROJECT certified per **MDOT**'s Standard Operating Procedure. The total cost for such work will be borne by the **LPA**; however, the **LPA** may request that such costs be eligible as part of the **MDOT** Special Match Credit Program.

SECTION 10. The **LPA**'s Professional Engineer or Architect will prepare the Plans, Specifications and Estimate Assembly (PS&E Assembly) in accordance with the **MDOT** Project Development Manual for Local Public Agencies. Once completed, three (3) sets of the PS&E Assembly must be submitted to the **MDOT** District representative.

SECTION 11. After award of the contract and prior to beginning construction, the **LPA** is responsible for the coordination of a preconstruction conference with all parties to the contract in attendance to include the project engineer/architect, the prime contractor, subcontractor(s) and utility companies. The conference should address any problem with utility conflicts and should direct the contractor's attention to important contract provisions such as Equal Employment Opportunity and Disadvantaged Business Enterprise requirements, safety meetings, sub-contracting, contract time, Mississippi Department of Environmental Quality requirements, and any unusual construction requirements. Minutes shall be prepared and distributed by the **LPA** in accordance with the **MDOT** Project Development Manual for Local Public Agencies.

SECTION 12. Upon receipt of authority to advertise for bids from **MDOT**, the **LPA** may proceed with the advertisement, receipt of bids and opening and approval of bids in accordance with the **MDOT** Project Development Manual for Local Public Agencies. Any PROJECT lying within the boundaries of an *Urbanized Area* and involving an increase in costs over previously approved costs must have the concurrence of the *Metropolitan Planning Organization* (MPO). The **LPA** must request **MDOT** concurrence in the award of the contract (to award, to reject, or to reject and re-advertise). Once concurrence in the award of the contract has been made by **MDOT** the **LPA** may proceed with the award of the contract with the contractor.

SECTION 13. Following **MDOT** concurrence in the award of the contract and the deposit of the required **LPA** matching funds, the **LPA** can execute the contract with the contractor and issue a Notice to Proceed to the contractor. Eight (8) copies of the complete proposal and contract documents must be forwarded to the **MDOT** in accordance with the **MDOT** Project Development Manual for Local Public Agencies. The **LPA** may elect to either deposit the full amount of required **LPA** matching funds or deposit only one-third (1/3) of the required **LPA** matching funds with the **MDOT**. If the **LPA** elects to make the partial deposit, an additional one-third (1/3) must be deposited before or with the first construction progress estimate to be paid by **MDOT** with the remaining balance deposited with the next construction progress estimate.

SECTION 14. The **LPA** will employ or retain a registered Professional Engineer or Architect, as appropriate, as the **LPA** Engineer/Architect to act for and on behalf of the **LPA** to be responsible for all construction-engineering activities. Other competent technical assistance will be employed by the **LPA** as deemed necessary to assist the **LPA** Engineer/Architect. The **LPA** shall provide the **MDOT** District Engineer and **MDOT** Contract Administration Engineer with the name, title and position of the full time **LPA** employee to be the responsible Project Manager and the name, title, and position of either the full time **LPA** employee or consultant, as applicable, to be the Professional in responsible charge of supervising the PROJECT. If the **LPA** retains a consulting engineer or architect as the **LPA** Project Engineer/Architect, he/she will be responsible for all construction-engineering activities, but such activities will be under the direct control of the **LPA** employee assigned by the **LPA**. If the **LPA** has a full-time publicly employed registered Professional Engineer/Architect on staff; the **LPA** may assign the **LPA** Engineer/Architect as the Project Engineer/Architect to be in responsible charge and direct control of the PROJECT.

SECTION 15. If any change to the contract is proposed (such as in contract time, a basic change to the plans due to error or omission, etc.) a Supplemental Agreement will be required between the contractor and the **LPA**. The **LPA** must verify availability of Federal Funds through the **MDOT** Planning Division for any increase in cost prior to execution of a Supplemental Agreement. A Supplemental Agreement must include complete documentation of the necessity for the change and/or benefit to be derived from it. If the change is purely contractual, the contractual basis for the change shall be cited. Any PROJECT lying within the boundaries of an *Urbanized Area* and involving an increase in costs over previously approved costs must have the concurrence of the *Metropolitan Planning Organization* (MPO). The MPO must also be furnished a copy of any Supplemental Agreement even if the cost does not increase.

SECTION 16. Changes to plan quantities may require preparation of a Quantity Adjustment. Minor changes that may be considered field adjustments necessary to carry out the intent of the plans, such as adjusted pipe lengths, minor adjustments of structures, and other items of a similar nature will not ordinarily require a Quantity Adjustment. If an accumulation of minor changes results in a total PROJECT cost exceeding the PROJECT Agreement cost estimate, changes must be combined and submitted on one Quantity Adjustment to allow the **MDOT** to modify the PROJECT Agreement with FHWA. Any PROJECT lying within the boundaries of an *Urbanized Area* and involving an increase in cost over the previously approved cost must have the concurrence of the MPO. The MPO must also be furnished a copy of the Quantity Adjustment.

SECTION 17. The **LPA** will provide for the sampling and testing of all materials to be used in the construction prior to the incorporation in the work and certify to the **MDOT** that all materials used meet the requirements of the plans and specifications. This certification will be based upon test reports and manufacturer's certificates and/or certified test reports as applicable as set forth in **MDOT** Standard Operating Procedure TMD-20-04-00-000. These reports must be maintained on file by the **LPA** Engineer/Architect in accordance with the **MDOT** Project Development Manual for Local Public Agencies.

SECTION 18. The **LPA** will prepare and certify PROJECT monthly estimates of the work completed in accordance with the **MDOT** Project Development Manual for Local Public Agencies.

SECTION 19 The **LPA** will comply with any **MDOT** or FHWA requirements for project reporting and/or evaluation. Such reports and/or evaluation will conform to the required **MDOT** or FHWA format and must be submitted in accordance with the time schedule established by the **MDOT** or FHWA.

SECTION 20. Once all work has been substantially completed the **LPA** Engineer/Architect will request a final inspection through the **MDOT** District Engineer in accordance with the **MDOT** Project Development Manual for Local Public Agencies. Once the final inspection has determined that all work is satisfactory the **MDOT** will issue a letter for release of maintenance responsibility to the **LPA** which will, in turn, issue a smaller letter for release of maintenance responsibility to the contractor.

SECTION 21. As early as possible after completion of all work but not later than one (1) year after release of maintenance, the **LPA** must request **MDOT** final acceptance in accordance with the **MDOT** Project Development Manual for Local Public Agencies. No further **LPA** Project Activation Requests for **LPA** projects will be approved until all such completed **LPA** projects have obtained **MDOT** final acceptance.

SECTION 22. The **LPA** shall maintain and operate or provide for the maintenance and operation of the completed PROJECT. No changes will be made to the completed PROJECT which would alter the approved definition of the PROJECT or which would affect traffic and/or traffic control on the PROJECT without the prior approval of the

MDOT. The **LPA** understands that failure to fulfill this responsibility in regard to maintenance of the PROJECT, its operation or regulation will disqualify the **LPA** from receiving any Federal Funds until such time as the deficiencies are corrected to the satisfaction of the **MDOT** and the Federal Highway Administration.

SECTION 23. The **LPA** shall meet the audit requirements of OMB Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations.* An audit will be required in accordance with the said Circular if the **LPA** expends $300,000.00 or more in Federal Funds during the **LPA**'s fiscal year. If an audit is required, the audit report must be submitted to the **MDOT** within thirty (30) days after the receipt of the **LPA** Certified Public Accountant's audit report or nine (9) months after the end of the audit period, whichever is earlier. In any event, PROJECT accounting records, payrolls, documents, papers and other necessary data to support PROJECT costs will be maintained on file by the **LPA** for at least three (3) years from the date of payment of the final estimate and may be audited by representatives of the **MDOT**, the Federal Highway Administration and any other authorized representative of the Federal Government or the State of Mississippi, and copies thereof will be furnished if requested. **MDOT** costs for any such audit will be charged to the PROJECT.

SECTION 24. To the extent allowed by State law, the **LPA** will assume all responsibility for and save the **MDOT** harmless from any suits, actions or claims of any character, brought for or on account of any injuries or damages, received or sustained by any person, persons or property, growing out of any action or omission to act in the conduct of this PROJECT.

SECTION 25. During the performance of this AGREEMENT, the **LPA** and the **MDOT** agree as follows:

(a) Compliance with Regulations: The **LPA** and the **MDOT** shall comply with Title VI of the Civil Rights Act of 1964, as amended, and nondiscrimination in programs of the Department of Transportation (title 49, Code of Federal Regulations, Part 21, 23 CFR 710.405(b), hereinafter referred to as the REGULATIONS), which are herein incorporated by reference and made a part of this AGREEMENT.

(b) Nondiscrimination: The **LPA**, with regard to the work performed by it after award and prior to completion of the AGREEMENT, shall not discriminate on the grounds of race, color, national origin, sex, age or handicap/disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The **LPA** shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the REGULATIONS, including employment practices, when the AGREEMENT covers a program set forth in Appendix B of the REGULATIONS. In addition, the **LPA** will not participate either directly or indirectly in discrimination prohibited by 23 CFR 710.405(b).

(c) Equal Employment Opportunity: The **LPA** understands that the **MDOT** is an equal opportunity employer and therefore maintains a policy which prohibits unlawful discrimination based on race, color, creed, sex, age, national origin, physical handicap, disability or any other discrimination made unlawful by Federal, state or local laws. All such discrimination is unlawful and the **LPA** agrees that, during the term of the AGREEMENT, the **LPA** will strictly adhere to this policy in employment practices and provision of services.

(d) Solicitations for Subcontracts, Including Procurement of Materials and Equipment: In all Solicitations, either by competitive bidding or negotiations made by the **LPA** for work to be performed under a subcontract, including procurement of materials or equipment, each potential subcontractor or supplier shall be notified by the **LPA** of the **LPA**'s obligations under this AGREEMENT and the REGULATIONS relative to nondiscrimination on the grounds of race, religion, color, national origin, sex, age or handicap/disability.

(e) Anti-kickback provisions: All contracts and subcontracts for construction or repair shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). This Act provides that each contractor or subcontractor shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The **LPA** shall report all suspected or reported violations to the **MDOT**.

(f) Davis Bacon Act: When required by the federal grant program legislation, all construction contracts awarded to contractors and subcontractors in excess of $2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 5). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages specified in a wage determination made by the Secretary of Labor. Contractors shall also be required to pay wages not less often than once a week.

(g) Contract work Hours and Safety Standards Act: Where applicable, all contracts awarded by or to contractors and subcontractors in excess of $100,000 which

involve the employment of mechanics or laborers shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor Regulations (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard workweek of 40 hours. Work in excess of the standard workweek is permissible provided that the worker is compensated at a rate of not less than 1-½ times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his/her health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market or contracts for transportation or transmission of intelligence.

(h) Clean Air Act: Compliance with all applicable standards, orders, or requirements issued under Section 306 of the Clear Air Act (42 U.S.C. 1857 (h), Section 508 of the Clean Air Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15) (Contracts and subcontracts in amounts in excess of $100,000).

(i) Energy Policy and Conservation Act: Mandatory standards and policies relating to energy efficiency which are contained in the State Energy Conservation Plan issued in compliance with the Energy Policy and Conservation Act (Pub.L. 94-165).

(j) Disadvantaged Business Enterprises (DBE). It is the policy of the **MDOT** to comply with the requirements of 49 CFR 26, to prohibit unlawful discrimination, to meet it's goal for DBE participation, to meet that goal whenever possible by race-neutral means, to create a level playing field, and to achieve that amount of DBE participation that would be obtained in an non-discriminatory market place. To meet that objective in any United States Department of Transportation assisted contracts, **LPA** and any sub-recipient or sub-contractor shall comply with the **MDOT** DBE Programs for United States Department of Transportation Assisted Contracts.

1) Neither the **LPA**, nor any sub-recipient or sub-contractor shall discriminate on the bases of race, color, national origin, or sex in the performance of this AGREEMENT. The **LPA** shall carry out applicable requirements of 49 CFR 26 in the award and administration of United States Department of Transportation assisted contracts. Failure of the **LPA** to carry out those requirements is a material breach of the AGREEMENT, which may result in the termination of this AGREEMENT or such other remedies, as the **MDOT** deems appropriate.

2) The **LPA** approves and adopts the **MDOT** DBE Program currently in effect, which is incorporated into this AGREEMENT as if written herein. It is fully understood that the current program has been approved by the Federal Highway Administration and modifications to the program may be required from time to time by Federal Authority. In such case, sub-grants of Federal Funds to the **LPA** through the **MDOT** shall be contingent upon the **LPA** approving and adopting all modifications required by Federal Authority upon notification and receipt of the modifications from the **MDOT**.

3) The **LPA** will approve and incorporate the **MDOT**'s current specifications on the subject disadvantaged business enterprise, which is a part of the DBE Program.

4) The **LPA** will designate and adequately fund a liaison officer as well as such support staff as may be necessary and proper to administer the DBE program and furnish the **MDOT** a description of the authority, responsibilities and duties of the liaison officer and support staff.

5) The **LPA** will allow access by representatives of the **MDOT** and the Federal Highway Administration to all parts of the work records documentation as related to the implementation and monitoring of provisions of the DBE Program and specifications.

6) Any contract between the **LPA** and a contractor or consultant shall contain the language of this section, and shall require the same to be included in any and all subcontracts. In addition, the agreement between the **LPA** and a contractor or consultant shall require prompt payment to all subcontractors or material suppliers for all monies due, within fifteen (15) calendar days after receiving payment from the **MDOT**.

III. **THE MDOT WILL FOR EACH PROJECT:**

SECTION 1. **MDOT** Planning Division will assist the **LPA** in the determination of eligibility of proposed projects, will provide guidance in the procedures for initiation and activation of projects and will incorporate selected/eligible projects into the Statewide Transportation Improvement Program.

SECTION 2. The **MDOT** Planning Division will assist the **LPA** in determining the functional classification for roadway projects and will review and process **LPA** Project Activation Requests and accompanying RWD-700 and/or RWD-800 Design Related Data. The **MDOT** Planning Division will also notify the **LPA** of the approval of the

Project Activation Request and RWD-700/RWD-800 (subject to correction of comments, if any) and will advise the **LPA** of the project number assigned to the PROJECT.

SECTION 3. If requested by the **LPA**, the **MDOT** will furnish guidance in accomplishing all requirements of the preliminary engineering and right-of-way phase, including all public hearing requirements and environmental requirements.

SECTION 4. The **MDOT** Environmental Division will review the Environmental Document prepared by the **LPA** for the PROJECT and, if approved, will forward it to the Federal Highway Administration for final approval. The **LPA** will be notified by **MDOT** once final approval of the Environmental Document has been obtained.

SECTION 5. Once **MDOT** receives the complete Plans, Specifications, and Estimate (PS&E) Assembly from the **LPA** for the PROJECT, the **MDOT** Contract Administration Division will also enter into a Federal-aid Project Agreement with the Federal Highway Administration for the approved PROJECT Federal Funds.

SECTION 6. Review the recommendations and tabulation of bids and other required documents furnished by the **LPA**. Once **MDOT** concurrence in the award of the contract has been made, the **MDOT** contract Administration Division will advise the **LPA** to deposit the required matching funds and furnish necessary documentation. After all necessary matching funds and documentation have been received, **MDOT** will issue the **LPA** authority to issue a Notice to Proceed with the construction contract. The **MDOT** Contract Administration Division, if necessary, will also modify the Federal-aid Project Agreement for the PROJECT with the Federal Highway Administration.

SECTION 7. Review and authorize payment to the **LPA** for the completed work on monthly construction progress estimates that have been checked and certified by the **LPA** and final estimates prepared and submitted by the **LPA** and checked by the **MDOT** Final Plans Engineer. Estimates should include charges to the PROJECT by **LPA** or by approved consultant employees who perform construction engineering work. Construction engineering services performed by **MDOT** employees will also be charged to the PROJECT with the total construction engineering charges by the **LPA**, approved **LPA** consultants and the **MDOT** not to exceed fifteen percent (15%) of the total PROJECT construction cost. Total payments shall not exceed the total amount allocated to the PROJECT.

SECTION 8. Assist the **LPA** in the preparation of Quantity Adjustment and/or Supplemental Agreements found to be necessary during the life of the PROJECT.

SECTION 9. Upon request of the **LPA**, participate in a final inspection of the PROJECT with representatives of the **LPA** and the Federal Highway Administration. Once all items identified during the inspection, if any, have been satisfactorily corrected, the **MDOT** will issue a letter for release of maintenance responsibility to the **LPA** which will, in turn, issue a similar letter for release of maintenance responsibility to the contractor.

SECTION 10. Once the **LPA**'s request for final acceptance and all required documentation has been received and determined to be acceptable, final estimates, including any retainage, will be processed for payment. A letter of final acceptance will be forwarded by the **MDOT** Construction Division to the **LPA**, which will, in turn, issue a similar letter of final acceptance to the contractor.

IN WITNESS WHEREOF, the parties have affixed their signatures,

LOCAL PUBLIC AGENCY

_____ DATE:_____

Agency Head/mayor/President of the Board

Authorized on the____day of_____, 2001, Minute Book___, Page No_____.

ATTEST:

_____

Title

MISSISSIPPI TRANSPORTATION COMMISSION ACTING BY AND THROUGH THE DULY AUTHORIZED EXECUTIVE DIRECTOR OF THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION

_____ DATE:_____

Executive Director

Authorized on the ____day of_____, 2001 Minute Book____, Page No._____.

ATTEST:

_____
Secretary, Transportation Commission

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER PAYMENT OF THIRD AND FOURTH QUARTER PAYMENTS TO PARTNERS FOR PEARL RIVER COUNTY

Motion was made by Councilmember Bounds, seconded by Councilmember Parker, to issue a manual check to Partners for Pearl River County for the third and fourth quarter payments, in the amount of $1,500.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER ADOPTION OF CITY OF PICAYUNE SAFETY OPERATIONS MANUAL

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to take under advisement the request to adopt the City of Picayune Safety Operations Manual. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR PERMITTED USE

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to approve a request for permitted use to allow a mobile unit for workforce training and adult education to be placed at Chimney Square for a period of two semesters. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSDIER BID AWARD FOR LOTS 9 AND 10 IN WESTSIDE REDEVELOPMENT AREA

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to award the bid to Yvonne Bell for Lots 9 and 10 in the Westside Redevelopment Area in the amounts of $4,500 and $4,000 respectively and authorize the Mayor to sign the deed.
The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1208 EAST CANAL STREET

A public hearing on the condition of the property located at 1208 East Canal Street and owned by Daisy Lee Gray Jones was held. The Grants Administrator reported that cleanup had not been completed and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the City to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 316 FARRELL STREET

A public hearing on the condition of the property located at 316 Farrell Street and owned by Walter Wilson was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the City to have the property cleaned and the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED NOVEMBER 20, 2001

CONSIDER REQUEST TO AUTHORIZE THE MAYOR TO SIGN LEASE AGREEMENT

Motion was made by Councilmember Watts, seconded by Councilmember Guy, to authorize the Mayor to sign the following lease for the Detective Building on Curran Avenue:

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

Commercial Lease Agreement

This Commercial Lease Agreement made and entered into upon this the 20th day of November, A.D., 2001; by and between RICHARD SMITH, whose mailing address is 216 Harang Avenue, Metairie, LA 70001, hereinafter generally referred to as Lessor, and the CITY OF PICAYUNE, a municipal corporation under the laws of the State of Mississippi, whose mailing address is 203 Goodyear Boulevard, Picayune, Mississippi, hereinafter generally referred to as Lessee.

FOR AND IN CONSIDERATION of the sum of TEN AND NO/100 ($10.00) DOLLARS, cash in hand paid and other good and valuable considerations the receipt and sufficiency of all of which are hereby acknowledged and confessed, a portion of which being the lease rental hereinafter specified, the performance by Lessee of the terms and provisions of this Lease, and the performance by Lessor of the terms and provisions of this Lease, the Lessor has and does by these presents hereby lease and let unto Lessee, and Lessee has and does by these presents hereby lease and go into possession of the hereinafter described real property, together with any and all improvements and appurtenances thereunto belonging, and all being done upon and subject to the terms, conditions and provisions hereinafter set forth, to-wit:

1. TERM	The term of this Lease shall be two (2) years commencing on the 3rd day of December, 2001; and ending at midnight on the 2nd day of December, 2003.
2. RENT	As rental for the leased premises, Lessee agrees to pay Lessor the sum of $735.00, per month, as lease rental commencing upon the; 3rd day of December, 2001 and then thereafter as agreed in Section 14.
3. DESCRIPTION	321 North Curran Ave., Picayune, Mississippi, and the yard and grounds incidental thereto.
4. UTILITIES	In addition to said rent, the Lessee agrees to pay when due, electricity, gas, and other utilities accrued or payable, in connection with said rented premises.
5. USE OF PREMISES	The Lessee further agrees not to permit anything to be done on the premises which will be contrary to law or be contrary to the rules and regulations of any municipal, state or governmental authority. The Lessee further agrees to commit or permit no waste on the premises, to allow no nuisance to exist thereon, and to abate any nuisance that may arise, promptly and without expense to Lessor.
6. FURNISHINGS	None
7. PREMISES	Lessor represents that the lease premises are in safe condition for human habitation. After occupancy, the Lessee shall keep the premises in good order, neat appearance, and free from all refuse. The Lessee agrees not to make substantial physical alterations to the premises, inside or outside, without the prior written consent of the Lessor.
8. SUBLETTING	The Lessee shall not sublet the premises or assign this Lease, or any part thereof, without the prior written consent of the Lessor, however, the Lessee may allow any department or agency or employee of Lessee to make joint use of lease premises.
9. DAMAGE TO PROPERTY	All personal property belonging to Lessee located in or about the building or demised premises shall be there at the sole risk of Lessee and neither Lessor nor Lessor's agents shall be liable in damages, by abatement of rent or otherwise, for the theft or misappropriation thereof nor for any damage or injury thereto, not for damage or injury to

said Lessee or any of its officers, agents or employees or to other persons or to any property caused by fire, explosion, wind, water, rain, snow, frost, steam, gas, electricity, heat or cold, dampness, falling plaster, sewers or sewage, odors, noise, except that Lessor shall be responsible for damage resulting from leaks from any part of said building or the roof if the roof or other weather surfaces are not maintained in a good state of repair by Lessor.

Lessee shall give immediate notice to Lessor in case of fire or accident affecting the demised premises or of any defects, damage or injury therein or in any fixtures or equipment, as the same becomes known to Lessee. Lessee will protect, indemnify and save harmless Lessor from all losses, costs or damages sustained by reason of any act or occurrence causing injury to any person and/or property whomsoever or whatsoever, due directly or indirectly to the use of the premises or building, or any part thereof, including the parking area, by Lessee.

10. INSURANCE

Lessor will pay for such property damage insurance on the leased premises, as Lessor may desire. Lessee will pay for such property damages or other insurance on the personal property contents within the leased premises as Lessee may desire.

11. INSPECTION

The Lessor may enter said premises **only upon appointment** made with the Chief of Police of the City of Picayune to inspect, clean or repair the leased premises. Lessor acknowledges that the lease premises are to be used for police purposes.

12. MAINTENANCE

The maintenance and repair of the leased premises shall be governed as follows:

a. Lessor shall maintain and keep in good repair the roof, outside walls, and foundation of the leased premises, as well as the interior load bearing walls and plumbing system and pipes, duct work conduit and fixtures.
b. Lessee shall replace all glass, which may be broken on said premises; maintenance of air conditioning and heating equipment, stopped up drains light bulbs, etc.
c. Lessee agrees to surrender the premises at the end of said term or other termination hereof in substantially as good condition as when received normal wear and tear excepted.

13. HOLDING OVER

It is mutually understood and agreed that this letting and hiring shall be deemed to be and shall be extended and renewed by and against the parties hereto for the same rental from month to month upon the expiration of each term without any deductions or concessions and upon all the terms and conditions and covenants herein contained without the necessity of a new instrument unless either party on or before thirty (30) days next preceding the termination of any term shall give the other in writing notice of their intention to terminate this contract of lease. All notices herein provided for shall be in writing and shall be sent by mail if by the Lessor to the Lessee at Office of the City Manager, 203 Goodyear Boulevard, Picayune, Mississippi 39466, and if by the Lessee to the Lessor at the address stated.

14. DEFAULT

If the aforesaid rental or any part thereof shall remain unpaid for ten (10) days after it shall have been published on the docket of claims of the City of Picayune, without demand therefor, or if Lessee shall violate or be in default on the performance of any of the other covenants or conditions hereof, or if Lessee abandons or vacates the leased premises during the term of this lease such that the electrical service or other utilities to the premises are disconnected, the Lessor after five (5) days written notice to the Chief of Police of the City of Picayune, may enter into said premises, and again have and repossess the same as if this Lease had not been made. In case of any such default or entry, the Lessor shall thereupon have the right at his option and in his sole discretion to terminate this Lease and the rent for the entire term shall at once become due and payable and Lessor may proceed to collect the rent for the entire term as if by the terms of this Lease the entire rent for the entire term should be made payable in advance. In addition to the right of the Lessor to collect the rent when due, the Lessor may re-enter the leased premises and

repossess the same and expel therefrom the Lessee and those claiming under him and remove all property and effects therefrom, forcibly, if necessary, without being guilty of trespass in any manner, and without prejudice to any remedies to collect any arrears of rent. In event of default by Lessee in the payment of rent as herein reserved, Lessor shall have all rights as provided for by the laws of the State of Mississippi including the right to retake possession of the demised premises without legal process. If rent is not paid by the 20th of the month, there will be a 5% penalty.

15 FIRE

In e event the lease premises are totally destroyed by fire, wind, or other cause beyond the control of a Lessee, or are condemned and ordered torn down by the properly constituted authorities of the state, county or city, then in any of these events his Lease shall cease and terminate as of the date of such destruction or condemnation. The rental shall be accounted for between Lessor and Lessee up to the time of such damage or destruction of said premises, the Lessee paying up to the said date of the Lessor refunding the rents collected beyond such date.

16. QUIET ENJOYMENT

Lessor represents that he is the sole owner of and in exclusive possession of the lease premises; that Lessee shall have full, complete, exclusive, peaceful and quietly enjoy the lease premises.

Lessor represents and warrants that all improvements on lease premises meet or exceed all existing building codes including but not limited to building codes, electrical codes, plumbing codes, natural gas codes, and all other codes currently in effect in the City of Picayune.

17. ENTIRE AGREEMENT

This instrument contains all the agreements and conditions made between the parties hereto and not representation or statements claimed to have been made, not herein contained, shall vary or modify this agreement in any way.

18. SPECIAL PROVISIONS

a.) The lease premises will be used for sensitive police purposes and will contain space restricted for office use only and not accessible to the general public or persons not specifically authorized in writing to enter such restricted space, and Lessor acknowledges that Lessor, his agents, employees or representatives, except as otherwise provided for in this lease agreement, is prohibited from entry upon the lease premises without prior written consent from the Chief of Police of the City of Picayune.

b.) Last month prepayment of lease rental waive. Security deposit waived.

This Commercial Lease Agreement has been executed in multiple copies, any one of which may be considered an original for any and all purposes. Each party acknowledges that the party has read this Lease and agrees to the terms contained herein.

WITNESS OUR SIGNATURES on the day and year first above written in the City of Picayune, Pearl River County, Mississippi.

_____
Richard Smith, Lessor

The City of Picayune, Lessee
a Mississippi municipal corporation

BY:_____
GREG MITCHELL, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO CONTACT SENATOR TRENT LOTT AND THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the City Manager to contact Senator Trent Lott and the Mississippi Department of Transportation to include Picayune in the rail relocation study. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Roberson, seconded by Councilmember Parker, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Roberson, seconded by Councilmember Parker to enter executive session to discuss a matter of ongoing litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a matter of ongoing litigation.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Bounds, seconded by Councilmember Parker, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of ongoing litigation and took no action.

RECESSED MEETING DATED NOVEMBER 20, 2001

ORDER TO ADJOURN

Motion was made by Councilmember Bounds, seconded by Councilmember Parker to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Brenda Ford, Deputy City Clerk

December 4, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, December 4, 2001, at 6:00 p.m. in regular session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manger J.P. Burns, Jr., Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Rev. Ken Walters, Associate Pastor of 1st Baptist Church of Picayune, followed by the Pledge of Allegiance led by a member of Boy Scout Troop # 351.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to approve the minutes of the Mayor and City Council dated November 20, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES FROM THE PEARL RIVER COUNTY DEVELOPMENT ASSOCIATION

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to acknowledge receipt of the Pearl River County Development Association minutes dated October 29, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the Deputy City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the issuance of the following manual checks:

Ms. State Tax Commission	Utility	NTE $ 4,000.00
City of Picayune, General	Utility	NTE $52,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO AUTHORIZE THE MAYOR TO SIGN CONTRACT AGREEMENT

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the Mayor to sign the following contract agreement with Kanduit Construction, Inc., for the Water, Sanitary Sewer and Gas Improvements on Ridge Road:

AGREEMENT FORM

This Agreement made the ____ day of _____ , 2001 between the Owner:

City of Picayune
203 Goodyear Boulevard
Picayune, Mississippi 39466

and the Contractor:

Business Name: Kanduit Construction, Inc.
Address: 1303 South Haugh Avenue
City/State/Zip: Picayune, Mississippi 39466

The Contractor is doing business as a Corporation.

The Contractor's taxpayer identification number is 64-0728824.

THE PROJECT IS: City of Picayune
Water, Sanitary Sewer, and Gas Improvements
EDA Project No. 04-01-04862
Pearl River County, Mississippi

THE PROFESSIONAL FOR THE PROJECT IS:

Dungan Engineering, P.A.
Post Office Box 150
Columbia, Mississippi 39429

THIS AGREEMENT entered into as of the day and year first written above:

OWNER: Mayor and City Council of Picayune

By:_____
Signature

_____
Name and Title

ATTEST:_____

CONTRACTOR: Kanduit Construction, Inc.

By:_____
Signature

_____
Name and Title

ATTEST:_____

THE OWNER AND THE CONTRACTOR AGREE AS SET FORTH IN ARTICLES ONE THROUGH SIX, ON THE FOLLOWING PAGES:

ARTICLE 1: WORK AND CONTRACT DOCUMENTS

1.01 THE WORK

A. The CONTRACTOR will furnish all material, supplies, tools, equipment, labor and other services necessary to perform all the work required by the Contract Documents for the project indicated above.

1.02 THE CONTRACT DOCUMENTS

A. The Contract Documents, which constitute the entire agreement between the OWNER and CONTRACTOR, are enumerated as follows:

B. Project Manual dated September 2001
Notice to Bidders
Instructions to Bidders
Bid Form
Bidder's Corporate Declaration
Bid Bond
Proposed Subcontractors
Notice of Award
Agreement Form
Performance and Payment Bonds
Power of Attorney
Partnership Certificate
Notice to Proceed
Change Order
Certificate of Insurance
General Conditions
Supplementary Conditions
List of Drawings
Addenda
Division One: General Requirements
Division Two: Specifications

C. Addenda
Addendum No. 1, dated 9-17-01
Addendum No. 2, dated 10-2-01
Addendum No. 3, dated 10-9-01
Addendum No. 4, dated 10-9-01
Addendum No. 5, dated 10-10-01

D. Drawings as follows:
Sheets No. 1.1 through 4.4

E. Other Documents dated

ARTICLE 2. CONTRACT SUM

2.01 CONTRACT SUM

A. The OWNER will pay the CONTRACTOR in current funds for the performance of the work, subject to additions and deductions by change order as provided in the contract documents, the Total Bid of Six hundred sixty-eight thousand, eight hundred dollars ($668,800.00). The Total Bid is determined from the Bid Schedule:

ARTICLE 3. CONTRACT TIME

3.01 TIME

A. The work to be performed under this contract shall be commenced within ten (10) days from the date stated in the "Notice to Proceed". The work is to be substantially complete, subject to approved change orders, not later than 200 calendar days from the date stated in the "Notice to Proceed".

ARTICLE 4. LIQUIDATED DAMAGES AND BONUSES

4.01 LIQUIDATED DAMAGES

A. The OWNER and the CONTRACTOR recognize that time is of the essence in this Agreement and that the OWNER will suffer financial loss if the work is not substantially complete within the time specified in Article 3 above, plus any extensions thereof by duly authorized Contract Amendments. They also recognize the delays, expense and difficulties involved in proving in a legal arbitration proceeding the actual loss suffered by the OWNER if the work is not substantially complete on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER the sum of THREE HUNDRED DOLLARS ($300.00) for each day that expires after the time specified in Article 3 above for substantial completion, until the work is substantially complete.

ARTICLE 5. PROGRESS AND FINAL PAYMENTS

5.01 PROGRESS PAYMENTS

A. Based upon Applications for Payment submitted to the PROFESSIONAL by the CONTRACTOR and Certificates for Payment issued by the PROFESSIONAL, the OWNER will make progress payments on account of the contract sum to the CONTRACTOR as provided in the contract documents.

5.02 FINAL PAYMENT
A. Final payment constituting the entire balance of the contract sum will be paid by the OWNER to the CONTRACTOR when the work has been completed, the contract fully performed and a final Certificate for Payment has been issued by the PROFESSIONAL.

ARTICLE 6. MISCELLANEOUS PROVISIONS

6.01 Terms used in this agreement which are defined in the General Conditions of the contract will have the meanings designated in those conditions.
6.02 The CONTRACTOR will not assign, sublet or transfer his interest in this contract agreement without the written consent of the OWNER. The OWNER and CONTRACTOR hereby agree to the full performance of the covenants contained herein.
6.03 This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO VOID TAX SALE

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Parker, to void the 1992, 1998, 1999 and 2000 tax sales for parcel # 617-515-004-10-023-00 due to the property being sold to the State at an earlier sale and should not have been assessed until redeemed from the State. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE COLLECTION OF PARTIAL PAYMENTS ON 2001 REAL PROERTY TAXES

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Parker, to authorize the Tax Department to collect partial payments on the 2001 real property taxes as authorized by Section 27-41-3 of the Mississippi Code. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

REGULAR MEETING DATED DECEMBER 4, 2001

ORDER TO APPROVE MONTHLY CLAIMS DOCKET

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve the monthly claims docket for December 2001 deleting claim #5251 in the amount of $305.96 making the total amount of the claims docket $648,824.16. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE REQUEST TO AMEND TOWING ORDINANCE

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to amend the Towing Ordinance by changing the following:

1. Tow fee of $60.00 for all rotation calls, to include clean up and labor as required by ordinance.
2. The tow bill be written on scene to owner/operator and given to the officer to review before giving to own/operator.
3. Storage fee of $15.00 per day after the first twenty-four hours, and established business hours printed on the tow bill or business card to be given to the customer at the time of tow. Allow no additional fee to be charged on storage such as gate fees, etc. Unless the vehicle owner wants to pick-up after normal business hours. Then reasonable after hour fee would be acceptable.
4. All towing companies be required to have three insurance coverage;
   - Automobile liability, minimum $100,000.00 on Tow Truck
   - On hook liability, minimum $100,000.00 for the company
   - Garage Keepers liability, minimum $100,000.00 for the storage of rotation list vehicles
5. Towing service must maintain a securely fenced, locked and lighted storage area for rotation list calls
6. Require as #10. Oil dry absorbent substance; under Section 17-138 E (3)(e)

The following roll call vote was taken:

VOTING YEA: Councilmembers Parker and Guy

VOTING NAY: Mayor Mitchell, Councilmembers Roberson, Watts and Bounds

The motion did not carry.

Motion was made by Councilmember Bounds, seconded by Councilmember Watts, to approve the following ordinances amending the Towing Ordinance:

ORDINANCE NO. 760

AN ORDINANCE TO AMEND ORDINANCE 681, SECTION 17-138 (E) (2) (a), (b), (e) and (h) OF THE CODE OF ORDINANCES OF THE CITY OF PICAYUNE CONCERNING REMOVAL, IMPOUNDMENT, TOWING AND STORING OF VEHICLES

Be It Ordained by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi as follows:

SECTION 1. That Section 17-138(E)(2) (a), (b), (e) and (h) of the Code of Ordinances of the City of Picayune, is amended to read as follows:

Section 17-138. Removal, Impoundment, Towing and Storing of Vehicles.

(E) Provisions Pertaining to the Towing and Storage of Vehicles:

(2) Wrecker Services – General rules and requirements. Wrecker services wishing to be on the list must abide by the following rules and requirements in providing service for the police department:

(a) No more than seventy-five dollars ($75.00) for all rotation calls, to include clean up and labor; a maximum of fifteen dollars ($15.00) a day storage may be charged for any vehicle stored after twenty-four (24) hours. The tow bill will be written on the scene and given to the officer for review before giving it to the owner/operator of the vehicle. Additional fees may be charged for towing of other than normal size vehicles and also when circumstances require more than the usual amount of labor to extract or remove a vehicle.

(b) *Proof of insurance shall be as follows:*
(1) Automobile liability, minimum of ($100,000.00) on the tow truck
(2) On hook liability, minimum of ($100,000.00) for the company
(3) Garage Keepers liability, minimum of ($100,000.00) for the storage of rotation list vehicles.

A certificate of insurance will be supplied by the wrecker services' insurance carrier to the Picayune Police Department. Wrecker service will be liable for any damages incurred while in possession of vehicle.

(c) Wrecking services must be available twenty-four (24) hours a day and provide telephone numbers; no answering services shall be allowed.

(d) Must provide proof of current licensing with the Mississippi Tax Commission authorizing operating of a wrecker service and storage company.

(e) Maintain a securely fenced, lighted and locked storage area for vehicles ordered towed by the Police Department.

(f) Utilize a factory-built wrecker with a four-ton winch (minimum)

(g) Response time will be limited to a maximum of twenty (20 minutes.

(h) Established business hours printed on the tow bill or business cards to be given to the customer at the time of tow. Allow no additional fee to be charged on storage such as gate fees, etc. Unless the vehicle owner wants to pickup after business hours, then reasonable after hour fee would be acceptable.

(i) Must furnish a copy of current city business license to the Picayune Police Department.

SECTION 2. Severability, Conflict and Effective Date

Should any section, clause, paragraph, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity or any other section, clause, paragraph, provision, or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provision of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective thirty (30) days after its adoption and publication by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Bounds, seconded by Councilmember Watts, and voted upon as follows:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts and Bounds

VOTING NAY: Councilmembers Parker and Guy

The motion having received the affirmative vote of the majority of the members present, the Mayor declared the motion carried and the ordinance passed, approved, and adopted on this the 4th day of December 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

ORDINANCE NO. 761

AN ORDINANCE TO AMEND ORDINANCE NO. 682, SECTION 17-138 (E) (3) (e) OF THE CODE OF ORDINANCES OF THE CITY OF PICAYUNE CONCERNING REMOVAL, IMPOUNDMENT, TOWING AND STORING OF VEHICLES

Be It Ordained by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi as follows:

SECTION 1. That Section 17-138 (E) (3)(e) of the Code of Ordinances of the City of Picayune, is amended to read as follows:

(E) Provisions Pertaining to the Towing and Storage of Vehicles:

(3) Same-Additional rules and requirements. All wrecker services, including those which do not choose to be on the rotation list maintained by the Police Department, must:

(a) Have current licensing with the Mississippi Tax Commission granting authorization to operate a towing service and company;
(b) Operate a wrecker which has passed state inspection;
(c) Display the name of wrecker service prominently on both doors of wrecker with a minimum three-inch lettering;
(d) Have a wrecker equipped with flashing or revolving amber lights, visible from front and rear of vehicles (see Section 63-7-19, Mississippi Code of 1972);
(e) Carry the following equipment:
1. Wheel chocks with chains;

2. Push broom (eighteen inch maximum);
3. Shovel;
4. Flares;
5. Fire extinguisher;
6. Pry bar;
7. Dolly;
8. Flashlight;
9. Wheel lifts;
10. Oil dry absorbent substance

SECTION 2. Severability, Conflict and Effective Date

Should any section, clause, paragraph, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity or any other section, clause, paragraph, provision, or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provision of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

This ordinance shall become effective thirty (30) days after its adoption and publication by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi.

The foregoing ordinance, having first been reduced to writing, was moved upon by Councilmember Bounds, seconded by Councilmember Watts, and voted upon as follows:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts and Bounds

VOTING NAY: Councilmembers Parker and Guy

The motion having received the affirmative vote of the majority of the members present, the Mayor declared the motion carried and the ordinance passed, approved, and adopted on this the 4th day of December 2001.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

At this time Councilmember Bounds left the meeting.

CONSIDER APPOINTMENT TO PICAYUNE HOUSING AUTHORITY BOARD

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to appoint Ralph Rowell to the Picayune Housing Authority Board for a five-year term to expire in November 2006. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, and Watts

VOTING NAY: Councilmember Guy

ABSENT AND NOT VOTING: Councilmember Bounds

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN ENGAGEMENT LETTER FOR AUDIT SERVICES FOR THE YEAR ENDING SEPTEMBER 30, 2001

Upon recommendation of the City Manager, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to authorize the Mayor to sign the following engagement letter with Alexander, Van Loon, Sloan, Levens and Favre, PPLC for audit services for the year ending September 2001:

November 1, 2001

Mayor and City Manager
City of Picayune, Mississippi
203 Goodyear Boulevard
Picayune, Mississippi 39466

We are please to confirm our understanding of the services we are to provide the City of Picayune, Mississippi for the year ending September 30, 2001. We will audit the general-purpose financial statements of the City of Picayune, Mississippi as of and for the year ended September 30, 2001. We understand that the financial statements will be presented in accordance with the financial reporting model in effect prior to that described in GASB Statement No. 34. Also, the document we submit to you will include the following additional information that will be subjected tot he auditing procedures applied in our audit of the general-purpose financial statements:

1. Schedule reconciling original ad valorem tax rolls
2. Schedule of surety bonds for city officials

Audit Objective

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the Untied States, and will include tests of the accounting records of the City of Picayune, Mississippi and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide reports (that do not include opinions) on internal control related to the financial statements and compliance with laws, regulations, and the provisions or grant agreements, noncompliance with, which could have a material effect on the financial statements as required by *Government Auditing Standards*.

Management Responsibilities

The management of the City is responsible for establishing and maintaining internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the

responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is also responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the affects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements. However, we will inform you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that the City of Picayune, Mississippi complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion overall compliance and we will not express such an opinion.

Audit Procedures – Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the City of Picayune, Mississippi's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. (Tests of controls are required only if control risk is assessed below the maximum level.) Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Audit Administration, Fees,.and Other

We understand that your employees will prepare all cash or other confirmations we request and locate any invoices or other documents selected by us for testing.

The workpapers for this engagement are the property of Alexander, Van Loon, Sloan & Levens, PLLC and constitute confidential information. However, we may be requested to make certain workpapers available to other agencies pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of our firm's personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the other agencies. Other agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

Our fee for these services assume the following:

1. All schedules and documentation requested in the Client Assistance Schedule (attached) have been completed prior to commencement of the engagement.
2. All year-end adjustments have been made to the City's records prior to commencement of the engagement.

Based on these assumptions, our fee for these services will be at our standard hourly rates estimated to be $24,900. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. The above fee is based on anticipated cooperation of your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Unexpected circumstances can include numerous delays, fraud circumstances, which cause us to incur additional hours to investigate, expand testing and report such, etc. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimated before we incur the additional costs. If accounting services are required in order to prepare schedules and/or year-end adjustments, we will bill the actual time incurred at our standard hourly rates as follows:

Partner	$ 125 - $ 150
Manager	$ 90 - $ 110
Senior	$ 75 - $ 88
Staff	$ 45 - $ 73

Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. Our most recent peer review report has been included with this letter.

We appreciate the opportunity to be of service to the City of Picayune, Mississippi and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

/s/ Steven Dockens

Steven Dockens, CPA
Alexander, Van Loon, Sloan, Levens & Favre, PLLC
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the City of Picayune, Mississippi

Officer Signature:_____

Title:_____

Date:_____

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Guy

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Bounds

The motion was declared carried.

At this time Councilmember Bounds returned to the meeting

ORDER TO ACCEPT THE MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to accept the minutes of the Planning Commission dated October 18, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MINUTES OF THE PLANNING COMMISSION

Motion was made by Councilmember Guy, seconded by Councilmember Parker, to acknowledge receipt of the minutes of the Planning Commission dated November 15, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO REZONE PROPERTY LOCATED AT 2416 HIGHWAY 43 SOUTH

Motion was made by Councilmember Guy, seconded by Councilmember Watts, to adopt the following ordinance rezoning property located 2416 Highway 43 South:

ORDINANCE NO. 762

AN ORDINANCE REZONING THE FOLLOWING DESCRIBED PROPERTY FROM A-1. AGRICULTURE DISTRICT, TO C-3, HIGHWAY COMMERCIAL DISTRICT.

Be It Ordained by the City Council of the City of Picayune, Pearl River County, Mississippi, In Meeting Duly Assembled:

SECTION 1. That the following described property shall be rezoned from A-1, Agriculture District, to C-3, Highway Commercial District:

Commencing at the Southeast corner of Section 13, Township 6 South, Range 17 West, Pearl River County, Mississippi; thence West 322.34 feet to the place of beginning; thence North 746.26 feet to a point in a curve on the South R.O.W. of Mississippi Highway 43; thence Southwesterly 175.41 feet along said curve; thence South 72 degrees 47 minutes 21 seconds West 84.74 feet along said R.O.W.; thence South 672.34 feet; thence East 250.0 feet, more or less, to the place of beginning, containing 4.08 acres, more or less, and being part of the Southeast quarter of Section 13, Township 6 South, Range 17 West, Pearl River County, Mississippi.

SECTION 2. SEVERABILITY, CONFLICT, AND EFFECTIVE DATE.

Should any section, clause, provision, or part of this ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity of any other section, clause, paragraph, provision, or part of this ordinance. All provisions of this ordinance shall be considered separate provisions, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provision of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this ordinance, the provisions of this ordinance shall take precedence.

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to approve a home occupation license for Mr. Timothy Lash, 203 Country Club Drive, to operate a home based Internet business. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

At this time Councilmember Guy left meeting.

CONSIDER REQUEST FOR HOME OCCUPATION LICENSE

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve a home occupation license for Mr. and Mrs. Haynes, 1318 Alpine Road, to operate a mailing service. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

CONSIDER REQUESTING A DEVIATION OF MATCHING FEDERAL EPA FUNDS

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to authorize the Mayor to sign the following resolution authorizing him to sign an official letter requesting deviation of matching federal EPA funds:

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN AN OFFICIAL LETTER REQUESTING A DEVIATION OF MATCHING FUNDS FOR FEDERAL EPA FUNDS RECEIVED IN FY 2000 AND FY 2001

WHEREAS, the City passed a resolution on May 4, 1999 requesting that the United States Legislative Delegation by requested to assist the City of Picayune in obtaining Federal EPA grant monies in the 2000 Fiscal Year Federal Budget to fund a City-wide Infiltration/Inflow Management Program to address problems occurring in the City's Wastewater Collection System: and

WHEREAS, the U.S. House and Senate VA/HUD Conference Committee saw fit to include $902,000 in funding for FY 2000 and $1.4 million in funding for FY 2001 for the city's water and wastewater infrastructure improvements; and

WHEREAS, the City is not in the financial position to make the required 45% match and has completed the required Financial Capability Work sheets; and

WHEREAS, the City desperately wishes to help its citizens and utilize the federal earmarks to correct the pressing infrastructure needs; and

WHEREAS, the letter requesting such a deviation of matching funds for the FY 2000 and FY 2001 grants must be signed by the Mayor of the City.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the City Council of the City of Picayune, Mississippi, acting as governing authority of said City that the Mayor is hereby requested and empowered to execute any and all documents related to the request for deviation of federal matching funds in connection with the FY 2000 and FY 2001 EPA grants, including an official letter of such request.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

CONSIDER REQUEST TO ADOPT RESOLUTION

Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to adopt the following resolution to solicit qualification statements for strategic planning and engineering design services related to water and wastewater infrastructure improvements:

A RESOLUTION AUTHORIZING THE CITY OF PICAYUNE TO SOLICIT QUALIFICATION STATEMENTS FROM FIRMS INTERESTED IN PROVIDING SERVICES RELATED TO STRATEGIC PLANNING AND ENGINEERING DESIGN SERVICES RELATED TO WATER AND WASTEWATER INFRATRUCTURE IMPROVEMENTS

WHEREAS, the City's soil conditions and climate continue to contribute to the degradation of the wastewater collection system causing Inflow and Infiltration into the city's wastewater collection system; and

WHEREAS, the City has a need to upgrade the current oxidation treatment plant. Inadequate capacity and incomplete wastewater treatment has resulted in several permit violations; and

WHEREAS, addressing these needs will significantly reduce plant overloading and rain related overflows in the collection system; and

WHEREAS, a framework must be set for Infiltration and Inflow Management; and

WHEREAS, the City must define the problems, evaluate the potential solutions, prioritize the needs, and estimate the funds required.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Picayune, Mississippi, acting as governing authority of said City, that solicitation of qualification statements from firms interested in providing services related to strategic planning and engineering design services related to water and wastewater infrastructure improvements is hereby approved.

_____
Greg Mitchell, Mayor

ATTEST:

_____
Brenda Ford, Deputy City Clerk

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

IN THE MATTER OF DUB HERRING

Motion was made by Councilmember Roberson, seconded by Councilmember Parker to authorize the Mayor and Council to sign a letter to Dub Herring thanking him for the use of three vehicles for the Christmas Parade. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Watts, seconded by Councilmember Roberson, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and

Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

Motion was made by Councilmember Watts, seconded by Councilmember Roberson, to enter executive session to discuss a transaction of business regarding the prospective sale of land and a matter of prospective litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts and Bounds

VOTING NAY: None

ABSENT AND NOT VOTING: Councilmember Guy

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss a transaction of business regarding the prospective sale of land and a matter of prospective litigation.

IN THE MATTER OF RHEOGISTICS

Motion was made by Councilmember Roberson, seconded by Councilmember Parker to request either of the following as guarantee for the Community Development Block Grant requested by the City of Picayune for the installation of a rail spur at the Industrial park for Rheogistics:

1. 1st deed of trust lien on land and all improvements
2. Irrevocable letter of credit
3. Surety bond equal to the full amount of Community Development block Grant obligation plus any expenses the City of Picayune may incur

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RETURN TO REGULAR SESSION

At the conclusion of executive session, upon motion of Councilmember Watts, seconded by Councilmember Roberson, and unanimously carried, the Mayor reopened the meeting. The Mayor stated that while in executive session the Council discussed a matter of prospective litigation and took no action.

ORDER TO RECESS

Motion was made by Councilmember Bounds, seconded by Councilmember Parker, to recess until December 18, 2001 at 6:00 p.m. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Brenda Ford, Deputy City Clerk

December 18, 2001

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE

Be It Remembered that the Mayor and city Council of the City of Picayune, Pearl River County, Mississippi, met in the Courtroom of the Criminal Justice Center in said City, Tuesday, December 18, 2001, at 6:00 p.m. in recessed session with the following officials present: Mayor Greg Mitchell, Councilmembers Lucian Roberson, Donald Parker, Kathy Watts, Leavern Guy and Jerry Bounds, City Manager J. P. Burns, Jr., Deputy City Clerk Brenda Ford, City Attorney Nathan Farmer and Police Captain David Ervin.

It Being Determined a quorum was present, the following proceedings were held.

Opening Prayer was given by Rev. John Brock, Pastor of Roseland Park Baptist Church, followed by the Pledge of Allegiance led by Councilmember Watts.

ORDER TO APPROVE PREVIOUS MINUTES

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to approve the minutes of the Mayor and City Council dated December 4, 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE ISSUANCE OF MANUAL CHECKS

Upon request of the Deputy City Clerk, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the issuance of the following manual checks:

Entex	Utility		$ 15,075.00
Gulf South Pipeline	Utility		$ 13,198.86
Utility Management	Utility		$ 952.88
General Fund	Utility		$ 4,154.04
U.S. Post Office	General	NTE	$ 2,000.00
Mr. John E. Balance, Bienville Parish Assessor	Utility		$ 271.83
Miss. State Treasurer	Police Eq		$ 10.00
Veterans of Foreign Wars James L. Burge Post	Airport		$ 1,000.00

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE THE MAYOR TO SIGN A QUITCLAIM DEED

Upon request of the Tax Department, motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor to sign a quitclaim deed for 1986-1991 taxes in the name of Charles Hawkins, on parcel # 617-614-001-03-041. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the monthly privilege license report for the month of November 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ACKNOWELDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to acknowledge receipt of the monthly budget report for the month for November 2001. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER BID AWARD FOR THE MEMORIAL BOULEVARD WATER PIPE REHABILITATION PROJECT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to accept the low bid from Twin L Construction, Inc. in the amount of $24,690.00 for the Memorial Boulevard Water Pipe Rehabilitation Project and authorize the Mayor to sign the following contract:

CONTRACT
FOR
WATER PIPE REHABILITATION
CITY OF PICAYUNE, MISSISSIPPI
PICAYUNE JOB NO. 200-12

THIS AGREEMENT, made this_____day of_____, 2001 at the City of Picayune, County of Pearl River, State of Mississippi by and between the Mayor and City Council of the City of Picayune, County of Pearl River County, State of Mississippi,

hereinafter called "Owner" and Twin L Construction, Inc., hereinafter called the "Contractor."

WITNESSETH THAT, the Owner and Contractor do mutually agree as follows:

1. In consideration of the price for the work herein specified in the bid proposal to be paid by the Owner to the Contractor at the time and in a manner hereinafter provided, the Contractor does hereby agree to construct complete in every detail as follows:

WATER PIPE REHABILITATION
CITY OF PICAYUNE, MISSISSIPPI
PICAYUNE JOB NO. 200-12

in compliance with the Advertisement of Bids, Proposal Form, Contract, Performance Bond, General Conditions, Specifications, Plans, and such Addenda thereto as may be issued prior to execution of this Contract, all in a thorough and workmanlike manner.

2. This price shall include the cost and expense to furnish all supplies, machinery, equipment, tools, superintendence, labor, insurance, transportation, and other accessories and services necessary to complete this project, in accordance with the Contract Documents.

3. The Contractor shall commence work under this Contract within ten (10) days from the date of the written "Order to Proceed" issued by the Owner. The Contractor shall complete all work under the Contract within ten (1) calendar days from the date of the "Order to Proceed". The Owner has determined, and the Contractor agrees, that the liquidated damages for a delay in completion of this Contract will be One Hundred Fifty Dollars ($150.00) per calendar day in excess of the stated time of completion.

4. A retainage amount of ten percent (10%) shall be withheld from the initial payment. After a minimum thirty (30) calendar day period, the retainage maybe requested for payment. This amount will be released in full as a final payment request.

5. The Owner agrees to pay the Contractor for the performance of the Contract as provided in the Specifications. The Contract amount, as presented in bid by Contractor, is $ 24,690.00

IN WITHNESS WHEREOF, the parties hereto have caused this Agreement to be executed in three (3) original counterparts on the day and year first hereinabove written.

WITNESS:

_____ _____
Contractor

_____
Signature

_____
Title

WITNESS

_____ _____
Owner

_____
Signature

_____
Title

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST TO ACCEPT THE LOCAL LAW ENFORCEMENT BLOCK GRANT

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to accept the Local Law Enforcement Block Grant #6 in the amount of $10,188.00 and approve the matching funds in the amount of $1,132.00. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER APPROVAL OF RESOLUTION RECOGNIZING THE PICAYUNE MEMORIAL HIGH SCHOOL FOOTBALL TEAM

Motion was made by Councilmember Roberson, seconded by Councilmember Watts, to approve the following resolution:

RESOLUTION

A RESOLUTION COMMENDING THE PICAYUNE MEMORIAL HIGH SCHOOL MAROON TIDE FOOTBALL TEAM

WHEREAS, the Picayune Memorial High School Maroon Tide Football Team has accumulated a high impressive record of 11-1 overall, an undefeated regular season, winning the 7-4A District Championship, and making it to the 3rd level of the State Playoffs, and

WHEREAS, the Maroon Tide Football Team, through determination, dedication and hard work, have won their respective division; and

WHEREAS, the Maroon Tide Football Team, Head Coach Dodd Lee, and his assistant coaches have shown an attitude of inspired determination and have represented the Picayune Maroon High School and the City of Picayune in a true spirit of sportsmanship, and

WHEREAS, the Maroon Tide Football Team is enthusiastically supported by the coaches, school officials, city officials and thousands of loyal fans,

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Picayune, that the Picayune Memorial High School Maroon Tide Football Team and their Coaches are to be highly commended for their efforts and undaunted determination in achieving their impressive record for the 2001 season.

ADOPTED this the 18th day of December 2001.

Greg Mitchell, Mayor	Lucian Roberson, Councilmember
Donald Parker, Councilmember	Kathy Watts, Councilmember
Leavern Guy, Councilmember	Jerry Bounds, Councilmember

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO AUTHORIZE TRAVEL TO THE MISSISSIPPI MUNICIPAL LEAGUE 2002 MID-WINTER CONFERENCE

Motion was made by Councilmember Guy, seconded by Councilmember Bounds, to authorize the Mayor, City Council and City Manager to attend the Mississippi Municipal League 2002 Mid-Winter Conference in Jackson, Mississippi on January 22-24, 2002. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO APPROVE BUDGET AMENDMENT #1 TO THE BUDGET FOR THE YEAR ENDING SEPTEMBER 30, 2002

Upon recommendation of the Deputy City Clerk, motion was made by Councilmember Roberson, seconded by Councilmember Guy, to approve Amendment #1 to the following line items of the budget for the year ending September 30, 2002:

	Original	Amendment #1
GENERAL FUND		
Intergovernmental Revenues	$ 3,172,000	$ 3,215,300
Beginning Cash	$ 1,400,000	$ 1,665,300
General Government		
Capital Outlay	$ 24,000	$ 54,000
Public Safety – Police		
Personnel	$ 1,388,200	$ 1,413,554
Supplies	$ 142,300	$ 144,936
Other Services & Charges	$ 151,600	$ 157,710
Capital Outlay	$ 28,700	$ 37,900
Public Safety – Fire		
Capital Outlay	$ 30,350	$ 33,350
Public Works		
Other Services & Charges	$ 790,050	$ 805,050
Capital Outlay	$ 635,750	$ 852,350
Transfers	$ 492,000	$ 563,132
Ending Cash Balance	$ 403,305	$ 332,173
CDBG DRAINAGE		
Transfer In	$ -0-	$ 70,000
Beginning Cash	$ -0-	$ 22,574
Other Services & Charges	$ -0-	$ 70,000

Ending Cash	$ -0-	$ 22,574
Transfer from General Fund	$ 70,000	$ -0-
Professional Services	$ -0-	$ 70,000
LAW ENFORCEMENT BLOCK GRANT V		
Beginning Cash	$ -0-	$ 13,893
Capital Outlay	$ -0-	$ 13,893
LAW ENFORCEMENT BLOCK GRANT VI		
Transfer In	$ -0-	$ 1,132
Grant Revenue	$ -0-	$ 10,188
Capital Outlay	$ -0-	$ 11,320
UTILITY FUND		
Beginning Cash	$ 550,000	$ 593,500
Treatment Plant & Utility Construction Capital Outlay	$ 124,600	$ 168,100
AIRPORT FUND		
Federal Grants	$ -0-	$ 1,684,000
State Grants	$ -0-	$ 150,000
Transfers In	$ 144,000	$ 710,405
Beginning Cash & Investments	$ 16,043	$ 325,918
Capital Outlay	$ 27,000	$2,085,444

The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

PUBLIC HEARING ON PROPERTY CLEANUP FOR 1700, 1702 AND 1704 ADCOX ROAD

A public hearing on the condition of the property located at 1700, 1702 and 1704 Adcox Road and owned by Eva Mae Alligood was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Roberson, seconded by Councilmember Bounds, to authorize the City to have the property cleaned the cost charged against the property. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

RECESSED MEETING DATED DECEMBER 18, 2001

PUBLIC HEARING ON PROPERTY CLEANUP FOR 2117 MCGEHEE LANE

A public hearing on the condition of the property located at 2117 McGehee Lane and owned by Walter Bennett was held. The Grants Administrator reported that no cleanup had been done and that the condition of the property constitutes a menace to the public health and safety of the area. Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to authorize the City to have the property cleaned and the cost charged against the property taxes. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

CONSIDER REQUEST FOR MAYOR TO SIGN DEED

Motion was made by Councilmember Watts, seconded by Councilmember Roberson, to authorize the Mayor to sign the deed for sale of 5 acres in Industrial Park to Rheogistics. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter closed session to determine the need for an executive session. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

Motion was made by Councilmember Guy, seconded by Councilmember Roberson, to enter executive session to discuss ongoing litigation. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Parker, Watts, Guy and Bounds

VOTING NAY: None

The motion was declared carried.

The Mayor reopened the meeting to publicly announce that the Council would enter executive session to discuss ongoing litigation.

RECESSED MEETING DATED DECEMBER 18, 2001

Councilmember Parker left executive session.

RETURN TO REGULAR SESSION

At the conclusion of executive session, motion was made by Councilmember Guy, seconded by Councilmember Roberson, and unanimously carried to exit executive session and return to regular session. The Mayor stated that while in executive session the Council discussed ongoing litigation and no action was taken.

ORDER TO ADJOURN

Motion was made by Councilmember Bounds, seconded by Councilmember Guy, to adjourn. The following roll call vote was taken:

VOTING YEA: Mayor Mitchell, Councilmembers Roberson, Watts, Guy and Bounds

ABSENT AND NOT VOTING: Councilmember Parker

VOTING NAY: None

The motion was declared carried.

Greg Mitchell, Mayor

ATTEST:

Brenda Ford, Deputy City Clerk